

Worcester County

MARYLAND



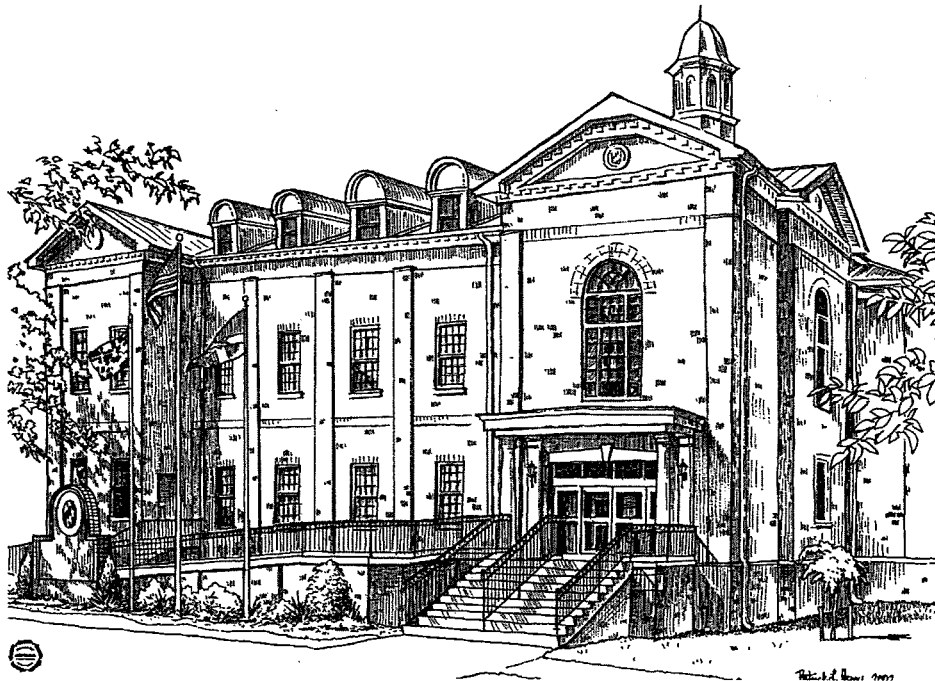
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

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Worcester County, Maryland

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2009



Worcester County Government Center

Prepared by:

Gerald T. Mason,
Chief Administrative Officer

Phillip G. Thompson, CPA
Assistant Finance Officer

Harold L. Higgins, CPA
Finance Officer

Kathleen J. Whited,
Budget Officer



WORCESTER COUNTY, MARYLAND
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 for the FISCAL YEAR ENDED JUNE 30, 2009
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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATION CHART

LIST OF PRINCIPAL OFFICERS



TEL: 410-632-0686
FAX: 410-632-3003

OFFICE OF THE TREASURER

Worcester County

GOVERNMENT CENTER

ONE WEST MARKET STREET, ROOM 1105

P.O. Box 349

SNOW HILL, MARYLAND

21863

HAROLD L. HIGGINS, CPA
FINANCE OFFICER

PHILLIP G. THOMPSON, CPA
ASSISTANT FINANCE OFFICER

December 23, 2009

To the County Commissioners and Citizens of Worcester County, Maryland:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for Worcester County, Maryland for the fiscal year ended June 30, 2009 as required by both local and state statutes. These statutes require that Worcester County, Maryland annually issue financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management Discussion and Analysis (MD&A). This letter of transmittal is designed to be read in conjunction with the MD&A which can be found immediately following the report of the independent auditors.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for these representations, the management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The public accounting firm TGM Group LLC has audited Worcester County, Maryland's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of Worcester County, Maryland for the fiscal year ended June 30, 2009 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Worcester County, Maryland's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

This independent audit of the County's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements, including the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Worcester County's separately issued single audit report.

Profile of the Government

Worcester County, established in 1742, lies in the middle of a three-state region known as the Delmarva Peninsula, which comprises portions of Delaware, Maryland and Virginia. The County is the seventh largest in Maryland, having a land area of 483 square miles and 106 square miles of water. On the north, it is bounded by Sussex County, Delaware; on the south by Accomack County, Virginia; on the west by Wicomico and Somerset Counties, Maryland; and on the east by the Atlantic Ocean. One of Worcester County's greatest assets is its seashore. An excellent beach, which forms the entire oceanfront in Maryland, stretches for 31 miles across the entire eastern boundary of the County on a barrier island, which is separated from the mainland by a series of shallow bays.

There are four incorporated municipalities in the County: Berlin, Ocean City, Pocomoke City and Snow Hill. Berlin, Pocomoke City and Snow Hill are well-established communities ranging in size from 2,400 to about 4,100 year-round residents. Each was originally built as a residential, economic and social center to serve its surrounding agricultural communities. The Town of Ocean City is the County's most developed and fastest growing area. The Town's major industry is tourism. Ocean City generated \$253.2 million in gross hotel, motel and condominium rentals in 2008. According to recent estimates, summer populations average over 295,000 in July and August and peak at nearly 325,000 on the July 4th weekend. The Towns and County provide their residents and visitors with various government services, including police and fire protection, beach patrol, water and sewage disposal, public transportation, recreational facilities and emergency health care services.

Form of Government

The County is governed by an elected seven-member Board of County Commissioners, each of whom is elected from one of the seven Commissioner districts. Elections are held every four years in November. The Commissioners must be qualified voters of the County and must have resided at least two years in Worcester County immediately preceding their election. The Board must meet at least twice each month and must remain in session so long as may be necessary to properly transact the business of the County. The Board elects its own president and vice president.

The Chief Administrative Officer of the County is charged with the administration of all departments of the County government. The County provides a full range of municipal services including education, libraries, public safety (sheriff, jail, emergency services and fire marshal), recreation activities, health and social services, sanitary districts, waste disposal, recycling, highways and streets, planning and zoning, and general administrative services.

Budget Process

The Board adopts an operating budget for the General Fund and Enterprise Fund of the County. Revenue estimates for the ensuing fiscal year from the units of the County government are reviewed and compiled by the Budget Officer in February of each year. The expenditure requests are

submitted to the Chief Administrative Officer, who in turn presents a requested budget to the Board in April. The Board must then conduct a public hearing on the budget submitted on or before May 30, and shall advertise at least once per week for two weeks prior to said hearing in a publication of general circulation within the County. The Board must then adopt the budget and tax rates on or before the first Tuesday in June.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy – Like state and local governments across the country Worcester County's local economic performance reflects the current national recession. The County is appropriately concerned about the slumping housing market and the far reaching effects it has had on Maryland's and the Nation's overall economy. Of greatest concern are the impacts of potential reductions in state funding and additional costs which may be passed on to local governments. The County's unemployment rates have been consistent in recent years and not until recently have we experienced increases which are in line with the national trends. The County has the second lowest property tax rate and the lowest income tax rate in the state providing the County with financial flexibility for future years.

The County has a strong tourism industry, drawing visitors from all over the Country to its pristine seashore and many historic sites. Additionally, in recent years the County's central location relative to the major mid-Atlantic metropolitan areas has made it a target destination for retirees who seek a better quality of life. Development is purposely controlled to protect the County's beauty and the fragile environment of its shoreline and waters.

Long Term Financial Planning – The Board adopts a multiyear capital budget plan, covering 10 years, that forecasts spending for all anticipated capital projects. The plan addresses both repair and replacement of existing infrastructure as well as the development of new facilities to accommodate future growth. It enables the County to identify needed capital projects and to coordinate facility financing and timing. The County has no plans to issue debt in FY 2010, focusing instead on the completion of ongoing projects for which funding has already been secured. These projects include a new State's Attorney building in Snow Hill, addition and renovation of the County Jail in Snow Hill, a new Senior Center in Berlin, and funding for an addition to the Pocomoke High School.

Cash Management Policies and Practices – The County invests its funds according to its adopted investment policy, which provides for safety of principal and maximizes security, meets daily cash flow demands and seeks to achieve an adequate rate of return. Cash temporarily idle during the year is invested in the Maryland Local Government Investment Pool.

Risk Management – The County is a member of the Maryland Local Government Insurance Trust. The Trust is a public entity risk pool, which is owned and directed by the local governments that subscribe to its coverage and operates under the terms of a Trust Agreement. The Trust provides insurance and risk management services to its members.

The County obtains worker's compensation and employee medical coverage through a commercial insurance company.

Pension and Other Post Employment Benefits – County employees are covered by either the Employees Retirement System or the Employees Pension System of the State of Maryland. These are multiple-employer public retirement systems sponsored and administered by the Maryland State Retirement and Pensions Systems and created by the Maryland General Assembly. In FY 2009 the County expanded the pension plan offering to include the Law Enforcement Officers' Pension System (LEOPS) for our public safety personnel as well as a Correctional Officers' Retirement System (CORS) for employees of the County Jail. In addition to the State Plan, the County assumed management of a plan that is administered by the Nationwide Life Insurance Company following the abolishment of the Worcester County Sanitary Commission in 1994. This plan provides coverage for the former employees of the Sanitary Commission, many of whom now work for the County Department of Public Works.

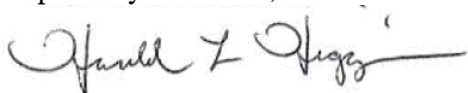
The County also provides other post employment benefits for retirees (OPEB) and their dependents who meet the Maryland State Retirement System benefit qualifications. In FY 2009 the County created OPEB trusts for the benefit of the employees of the general government as well as the Worcester County Board of Education. This was done in accordance with the Governmental Accounting Standards Board (GASB) Statement 43 and 45. The purpose of these Statements is to provide a more complete and reliable reporting of the financial obligations that governments incur when they provide postemployment benefits as part of the compensation for services rendered by their employees. The enactment of these standards by GASB and the adherence to them by the County should provide our constituents more accurate information about the total cost of the services that we provide.

Awards and Acknowledgements – The Government Finance Officers Association (GFOA) of the United States and Canada has awarded a Certificate of Achievement for Excellence in Financial Reporting to Worcester County, Maryland for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for the preparation of state and local financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must adhere to both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Report continues to adhere to the Certificate of Achievement requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Worcester County Treasurer's Office. In addition, we could not have produced this report without the support and guidance provided by the Worcester County Commissioner's and their staff. I would like to express my appreciation to all the members who contributed to this report for their conscientiousness and dedication throughout the year.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Harold L. Higgins", with a stylized flourish at the end.

Harold L. Higgins, CPA
Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Worcester County
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, likely belonging to the President of the GFOA.

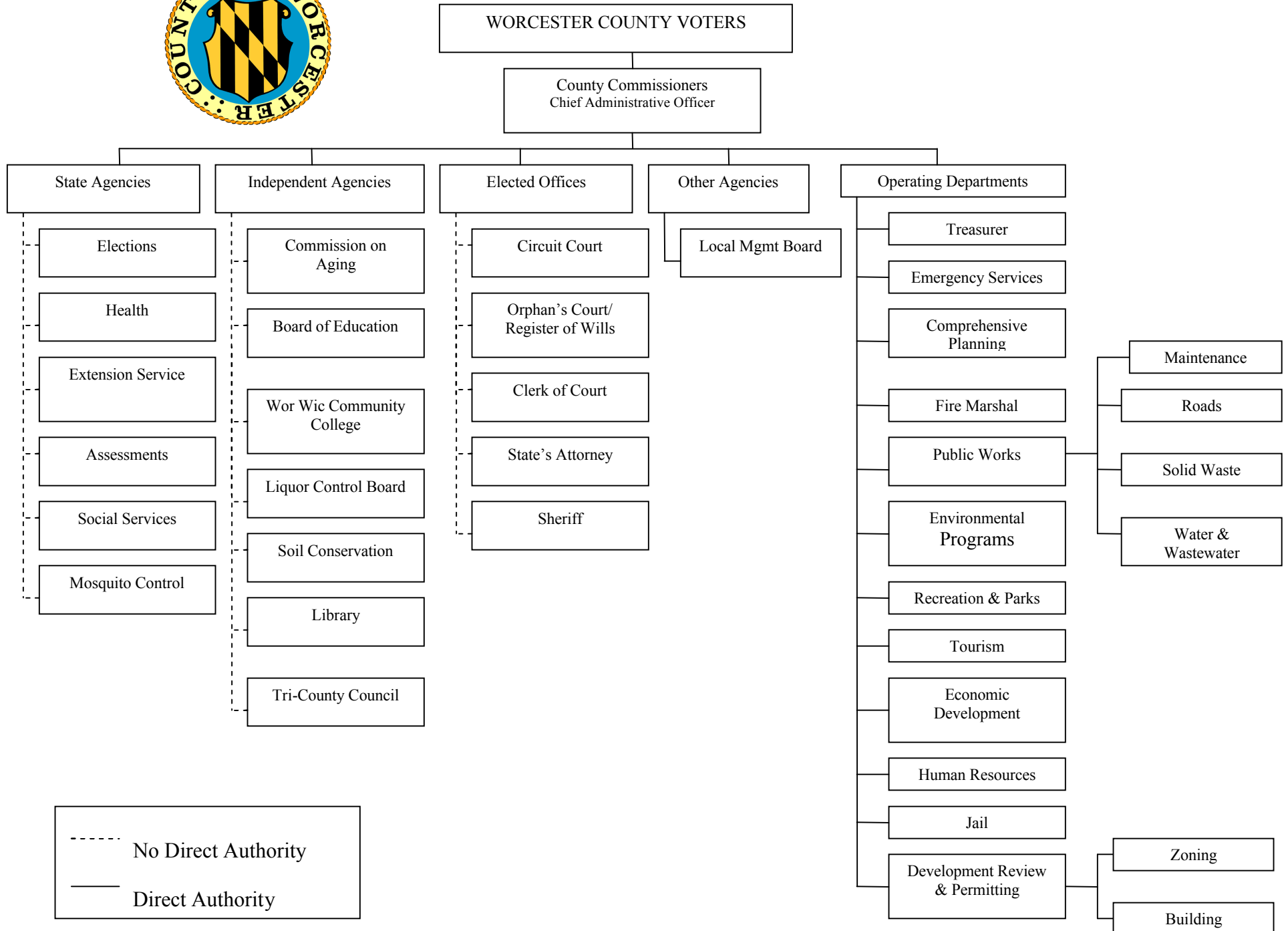
President

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director



Worcester County Organization Chart



Worcester County, Maryland
List of Principal Officials and Directors
June 30, 2009

Elected Officials

County Commissioners	Louise L. Guylas, President James C. Church, Vice President Linda C. Busick Robert L. Cowger, Jr. Virgil L. Shockley James L. Purnell, Jr. Judith O. Boggs
Sheriff	Charles T. Martin
State's Attorney	Joel J. Todd

Appointed Officials

County Administrator	Gerald T. Mason
Assistant County Administrator	Kelly Shannahan
Attorney	John E. Bloxom
Comprehensive Planning Director	Sandy Coyman
Jail Warden	Ira F. Shockley
Economic Development Director	Gerald Redden
Emergency Services Director	Teresa A. Owens
Environmental Programs Director	Robert Mitchell
Treasurer	Harold L. Higgins
Fire Marshal	Jeff McMahon
Human Resources Director	George Bradley
Library Director	Mark Thomas
Local Management Bd. Director	Michael Dyer
Development Review and Permitting	Edward Tudor
Public Works Director	John Tustin
Recreation and Parks Director	Sharon Reilly
Tourism Director	Lisa Challenger

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

County Commissioners of
Worcester County, Maryland
Snow Hill, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Worcester County, Maryland as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Worcester County, Maryland's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Worcester County, Maryland, as of June 30, 2009,

and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009, on our consideration of Worcester County, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and required supplementary information (budgetary comparison information and OPEB Trust Fund Information) as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Worcester County, Maryland's basic financial statements. The introductory section, additional supplementary information and schedules in the financial section and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of Worcester County, Maryland. The additional supplementary financial information in the financial section have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

TGM Group LLC

Salisbury, Maryland
December 23, 2009

Management's Discussion and Analysis

This discussion and analysis of Worcester County's (County) financial statements is designed to introduce the basic financial statements and provide an analytical overview of the County's financial activities for the fiscal year ended June 30, 2009. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and footnotes. We hope this, in conjunction with additional information provided within the statements, will assist readers in identifying significant financial issues and changes in the County's financial position.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of four components: **1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.** This report also contains **4) supplementary information** in addition to the basic financial statements themselves.

1) Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private business. The government-wide financial statements include a *statement of net assets* and a *statement of activities*.

- The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (E.g. uncollected taxes and earned but unused vacation leave).

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) and activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- The *governmental activities* of the County include general government, public safety, public works, health and hospitals, social services, education, libraries, recreation and culture, conservation of natural resources, economic development, and inter-governmental.
- The *business-type activities* of the County include solid waste and water and sewer utility operations.

The government-wide financial statements include not only the County itself (the primary government), but also includes the Worcester County Board of Education and the Worcester County Liquor Control Board as legally separate component units and are reported separately from financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 24-26 of this report.

2) Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: *governmental, proprietary, and fiduciary funds.*

- **Governmental Funds.** Governmental Funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General, Capital project, Department of Social Services, Reserve, Local Management Board, Local Law Enforcement Block Grant, and Debt service funds.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found on pages 27-33 of this report.

- **Proprietary funds.** Proprietary funds are comprised of two types: 1) *Enterprise funds* and 2) *Internal Service funds*. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. Enterprise funds are used to account for functions of the County in which user charges are collected to cover the cost of the service being provided. The County uses enterprise funds to account for both its solid waste and its water and sewer operations. Internal service funds are used to report activities that provide supplies and services for the government's other programs and activities. The County does not utilize an internal service fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund statements can be found on pages 35-39 of this report.

- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to a proprietary fund.

The basic fiduciary fund financial statements can be found on pages 40-41 of this report.

3) ***Notes to the Financial Statements***

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-71 of this report.

4) ***Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required *supplementary information*. Required supplementary information can be found on pages 73-93 of this report.

Financial Analysis on Government-Wide Financial Statements

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$177,153,848 as of June 30, 2009 compared to \$206,043,264 for the year ended June 30, 2008, a decrease of \$28,889,416.

Worcester County, Maryland

Net Assets

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets						
Current and other						
assets	\$ 105,504,064	\$ 28,717,736	\$ 134,221,800	\$ 112,834,940	\$ 31,822,856	\$ 144,657,796
Capital assets	114,151,243	76,309,647	190,460,890	101,589,861	79,289,684	180,879,545
Total assets:	<u>219,655,307</u>	<u>105,027,383</u>	<u>324,682,690</u>	<u>214,424,801</u>	<u>111,112,540</u>	<u>325,537,341</u>
Liabilities:						
Current and other						
liabilities	18,667,118	23,392,849	42,059,967	15,957,261	23,481,732	39,438,993
Long-term liabilities	89,693,839	15,775,036	105,468,875	62,308,989	17,746,095	80,055,084
Total liabilities:	<u>108,360,957</u>	<u>39,167,885</u>	<u>147,528,842</u>	<u>78,266,250</u>	<u>41,227,827</u>	<u>119,494,077</u>
Net assets:						
Invested in capital assets						
net of related debt	104,308,508	57,477,462	161,785,970	88,196,133	58,545,520	146,741,653
Restricted	25,983,919		25,983,919	1,500,000		1,500,000
Unrestricted	(18,998,077)	8,382,036	(10,616,041)	46,462,418	11,339,193	57,801,611
Total net assets:	<u>\$ 111,294,350</u>	<u>\$ 65,859,498</u>	<u>\$ 177,153,848</u>	<u>\$ 136,158,551</u>	<u>\$ 69,884,713</u>	<u>\$ 206,043,264</u>

One of the largest portions of the County's net assets (91.3 percent) reflects its investments in capital assets (e.g., land, buildings, roads, equipment, and bridges) less related outstanding debt used to acquire those assets in the amount of \$161,785,970 at June 30, 2009. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

It is important to note that, although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county's Board of Education. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. Debt outstanding for the Board of Education amounted to \$84,400,776 at June 30, 2009. Absent the effect of this relationship, the County would have reported unrestricted net assets of \$65,402,699 on its government-wide financial statements, rather than the unrestricted net assets of \$(18,998,077).

The following table indicates the functional revenues and expenses of governmental activities to demonstrate the extent which the governmental functions produce revenues to offset program costs. Expenses not covered by direct program revenues are covered primarily by taxes, licenses, and state shared revenues.

Worcester County, Maryland
Changes in Net Assets

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 4,817,117	\$ 14,605,064	\$ 19,422,181	\$ 4,462,266	\$ 15,968,423	\$ 20,430,689
Operating grants and contributions	31,044,359	22,000	31,066,359	4,036,459	25,000	4,061,459
Capital grants and contributions	11,157,620	-	11,157,620	1,463,798		1,463,798
General revenues:						
Real and personal property taxes	134,015,561		134,015,561	116,778,663		116,778,663
Income taxes	13,062,134		13,062,134	13,684,600		13,684,600
Other local taxes	23,221,489		23,221,489	26,305,749		26,305,749
State shared taxes	4,809,446		4,809,446	5,654,165		5,654,165
Distribution - WCLCB	168,625		168,625	415,403		415,403
Interest income	2,597,658	117,004	2,714,662	5,980,550	368,852	6,349,402
Gain(loss) on sale of capital asset			-			-
Other income	796,257		796,257	555,387		555,387
Total revenues:	225,690,266	14,744,068	240,434,334	179,337,040	16,362,275	195,699,315
Expenses:						
General government	47,083,442		47,083,442	32,663,595		32,663,595
Public safety	36,283,485		36,283,485	23,542,080		23,542,080
Public works	15,599,323		15,599,323	12,833,648		12,833,648
Health and hospitals	6,012,215		6,012,215	5,335,022		5,335,022
Social services	3,448,378		3,448,378	1,634,695		1,634,695
Education	127,128,498		127,128,498	88,762,738		88,762,738
Libraries, recreation and culture	9,031,660		9,031,660	5,882,121		5,882,121
Conservation of natural reasources	858,559		858,559	584,921		584,921
Economic development	1,978,375		1,978,375	2,461,997		2,461,997
Interest charges	3,049,378		3,049,378	2,477,071		2,477,071
Landfill		6,760,109	6,760,109		7,639,296	7,639,296
Water and wastewater		12,009,174	12,009,174		11,860,477	11,860,477
Total expenses:	250,473,313	18,769,283	269,242,596	176,177,888	19,499,773	195,677,661
Transfers	(81,154)		(81,154)	(38,860)	38,860	-
Increase (decrease) in net assets	(24,864,201)	(4,025,215)	(28,889,416)	3,120,292	(3,098,638)	21,654
Net assets, beginning	136,158,551	69,884,713	206,043,264	133,038,259	72,983,351	206,021,610
Net assets, ending	\$ 111,294,350	\$ 65,859,498	\$ 177,153,848	\$ 136,158,551	\$ 69,884,713	\$ 206,043,264

Financial Analysis on Government Fund Financial Statements

Governmental Activities:

Key elements in the revenue increase of \$46,353,226 for governmental activities are as follows:

- The largest increases, \$27,007,900 and \$9,693,822, were attributable to increases in Operating Grants and Capital Grants, respectively. These increases are primarily due to the contributions to the OPEB Trust of \$26.365 million and increased intergovernmental revenues in the Capital Projects Fund for jail construction of \$7.72 million.
- Real and personal property tax revenues increased by \$17,236,898 or 14.8%. Property tax represents the County's largest revenue source, 56% of the total revenue stream. The County tax rate of \$0.70 per \$100 per assessed value remains the 2nd lowest in Maryland.
- The revenue for other local taxes decreased by \$3,084,260 or 11.7%. Included in this category are room, food, admission, recordation, trailer park, and transfer taxes. Recordation and transfer taxes decreased by \$3.2 million or 26.7% due to continued real estate market declines.
- Interest income decreased \$3,382,892 or 56.6%. Investment yields continue at record lows.
- State shared revenues decreased by \$844,719 or 14.9% due to continued state cuts to highway user and 911 fees.

Expenses for governmental activities increased 42.2% or \$74,295,425 compared to FY08 primarily due to the following:

- In FY07 and FY08 the County set aside funds totaling \$35.2 million for other post employment benefits (OPEB). In Worcester County, OPEB is comprised of retiree health insurance benefits. These post retirement health benefit obligations for Worcester County and Board of Education employees were set aside to partially meet the Actuarial Accrued Liability as set forth in the Government Accounting Standards No.45 and No.43. In FY09 these funds were transferred to an OPEB trust account and recognized as an expense within the statement of activities.
- In addition, starting in FY09, the County expenditures now include an annual required contribution, \$17 million for OPEB which is included within the County's benefits category. The OPEB related transactions for FY09 accounts for 70.3% or \$52.2 million of the \$74.3 million variance.
- Capital expenditures increased over the prior fiscal year by \$8 million or 51.2%. The increase is primarily due to school construction reimbursements made to the Board of Education for new school projects. The Worcester Career and Technology School, accounted for \$10.4 million dollars, a \$5.2 million decrease from FY08. Additional new construction began in March 2008 for the Pocomoke High School addition/renovation project. The County contributed \$12.5 million in FY09.
- Wages & Benefits for General Fund departments and the Board of Education increased by \$9.0 million. The Board of Education salary accounts increased by \$3.3 million or 6% over the prior year which included funds for new positions for the newly opened Worcester Technical High School which opened in the fall of 2008. Benefits increased by \$1.9 million mainly due to health insurance. General Fund department salaries increased \$1.5 million; this covered 6% salary increases and new positions mainly in Public Safety. Benefits increased \$2.3 million with the inclusion of an expanded retirement.
- Grants to Municipalities and Volunteer Fire & Ambulance expenses increased \$2.8 million or 34.5% over FY08. \$2.2 million or 83.2% is attributable to funding enhancements to the Municipalities and \$550,000 or a 10% increase was paid to Volunteer Fire and Ambulance Services in which funding is based on the County adopted funding formula.
- An additional \$1.6 million increase over the prior year related to an increase of \$775,000 or 20.4% to the Health Department to partially offset state and federal budget cuts and to avoid severe reduction in services. Other General Government increased \$797,000 or 31.1% over the prior year largely due to new computer equipment, emergency preparedness supplies & equipment and broadband operations.

Governmental Funds:

The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements, restrictions, and fiscal accountability.

The focus of the County's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The following information is as of June 30, 2009 and 2008:

Governmental Activities - Fund Statements	June 30, 2009	June 30, 2008	Net Change in Fund Balance
General Fund	\$ 23,733,756	\$ 34,056,402	\$ (10,322,646)
Capital Projects Fund	23,326,932	11,550,057	11,776,875
Debt Service Fund	5,334	5,290	44
Reserve	18,974,224	17,870,025	1,104,199
Other Post Employment Benefits	-	35,187,018	(35,187,018)
Other Governmental Funds	732,671	761,245	(28,574)
Total	<u>\$ 66,772,917</u>	<u>\$ 99,430,037</u>	<u>\$ (32,657,120)</u>

At the end of the current fiscal year, the County's governmental funds reported combined fund balance of \$66,772,917, a decrease of \$32,657,120 in comparison with the prior year.

The **General Fund** is the chief operating fund of the County. At the end of the current fiscal year the fund balance of the General Fund was \$23,733,756. This fund balance includes designations of \$5,260,907 for encumbrances, \$26,343 for prepaid expenses, \$17,946,506 for future capital projects, and \$500,000 as undesignated fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 10.5% of total general fund expenditures, while total fund balance represents 13.5% of that same amount.

The **Capital Projects Fund** is used to account for major capital acquisition and construction of County facilities. Major sources for these projects are pay-as-you-go funding, debt proceeds, and federal and state grants. The fund balance of the County's Capital Projects Fund increased by \$11.8 million during the current fiscal year. This increase was due to timing difference of when bond proceeds are received and when expenditures are made for school construction. During the current year construction was finalized on the Worcester Career and Technology School and a new \$35.6 million renovation and construction project began on the Pocomoke High School.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt, including capital lease obligations, principal, interest and related costs. The fund balance of the Debt Service Fund decreased by \$44 during the current fiscal year. The entire fund balance is reserved for fund purposes.

The **Reserve Fund** is maintained for contingency and emergency situations as determined by the County Commissioners. The fund balance increased by \$1,104,199 in FY09 as required by statute. The Reserve Fund is to maintain a level of 10% of budgeted General Fund expenditures.

The **Other Post Employment Benefits Fund** or "OPEB" Fund was used to account for and accumulate resources for the payment of certain non-pension retirement benefits. In FY09 the County transferred contributions from FY07 and FY08 totaling \$35,187,018 to the OPEB trusts for the benefit of the employees of the General Government and the Board of Education.

The **Other Governmental Funds** include the Department of Social Services, Local Management Board, and the Energy Service Fund. Fund balance in these funds decreased by \$28,574 from FY08. The Energy Fund decreased by \$45,588 while the Department of Social Services increased by \$17,014 further detail is on page 95.

Proprietary funds:

<u>Enterprise Fund Statements</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Change in Net Assets</u>
Water and Sewer Utilities	\$ 56,521,087	\$ 58,939,283	\$ (2,418,196)
Solid Waste	9,338,411	10,945,430	(1,607,019)
Total	\$ 65,859,498	\$ 69,884,713	\$ (4,025,215)

Solid Waste

Revenues

- Tipping fee revenue continued to decline from \$6 million in FY07 to \$5.2 million in FY08 to \$4.4 million in FY09 due to a decrease in the volume of waste, especially demolition and construction, being brought in to the landfill. Solid waste tipping rates were increased from \$50 to \$60 a ton in FY08 to help stabilize the revenue stream.
- Interest income dropped from \$290,913 in FY08 to \$104,069 in FY09 due to declining interest rates.

Expenses

- Closure and postclosure costs were significantly less in FY09 due to a decrease in the estimated cost and the reduction in volume.
- Administrative expenses increased \$17,806 or 3% from FY08 to FY09. This increase was due mainly to salary increases affecting the allocations of pass-through salaries from the general fund.
- Solid waste expenses (without the above closure & postclosure costs) increased \$68,284 or 2.5% from FY08 to FY09. This increase was mainly due to step and cola increases.
- Recycling expenses increased \$48,841 or 7% from FY08 to FY09. This increase was due mainly to an increase in cost to dispose of electronics.

Water and Wastewater

Revenues

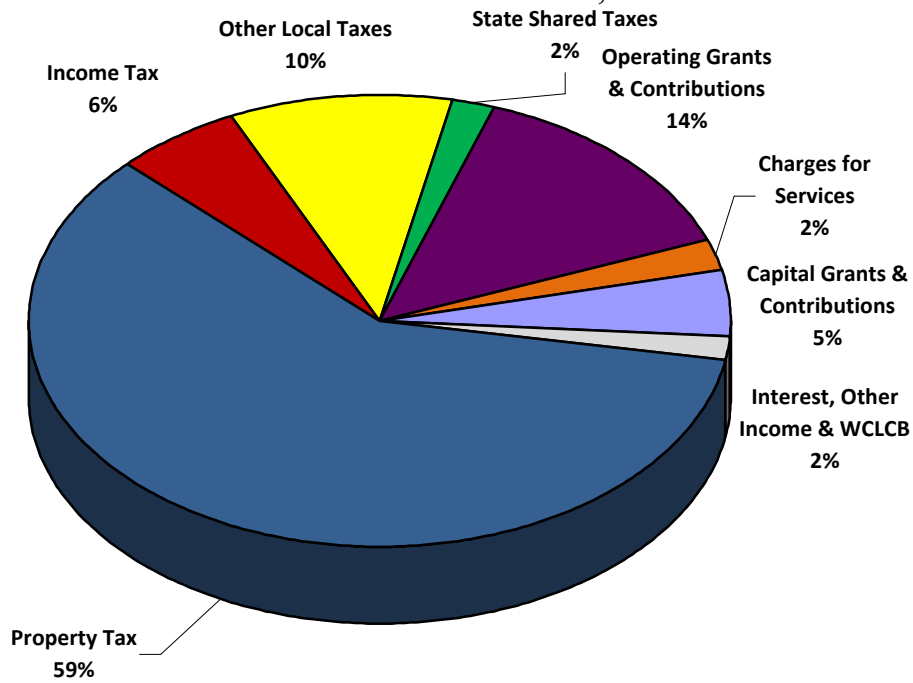
- Charges for services decreased slightly from \$7,740,822 in FY08 to \$7,563,566 in FY09 or 2% due to decreased usage.

Expenses

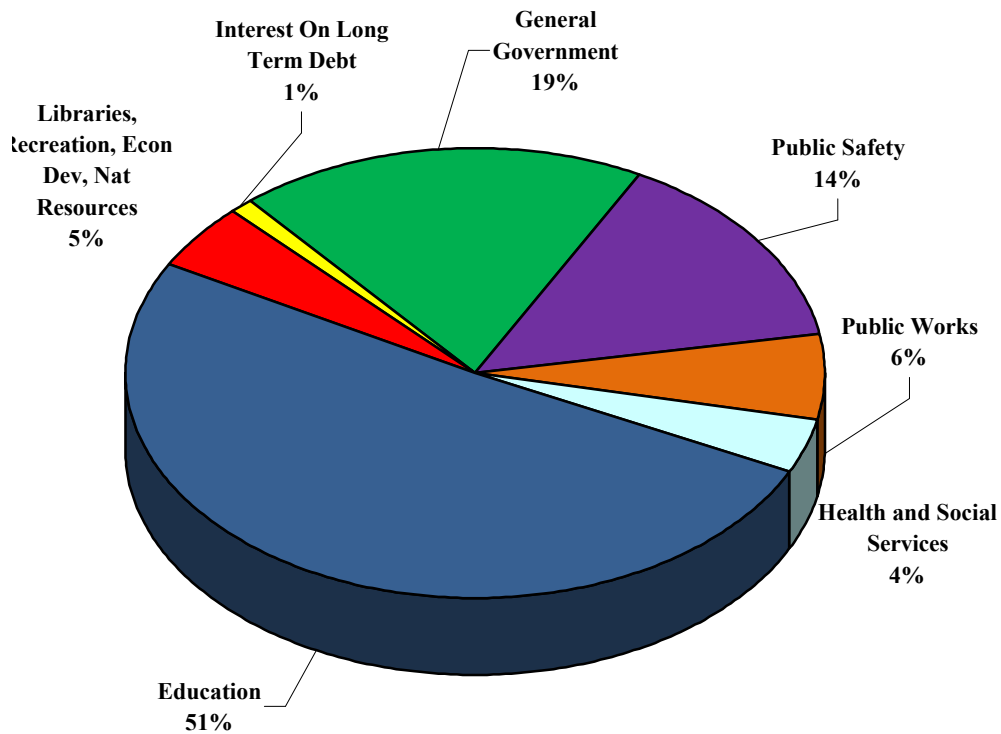
- Overall operating expenses increased from \$8,602,464 in FY08 to \$8,859,758 in FY09 or 3%. Personnel services increased by 7% due to a step and cola increase from FY08 to FY09 and increased benefit costs.
- Many of the service areas experienced increases in chemical costs due to additional required testing from the state. Electricity costs rose slightly in all areas, but not as significantly as in the past few years. Educational/training costs decreased due to free training offered at a local technical college.

Fiscal year 2009 revenues and expenses are summarized in the charts on the following pages for both the business type (proprietary) and governmental activities.

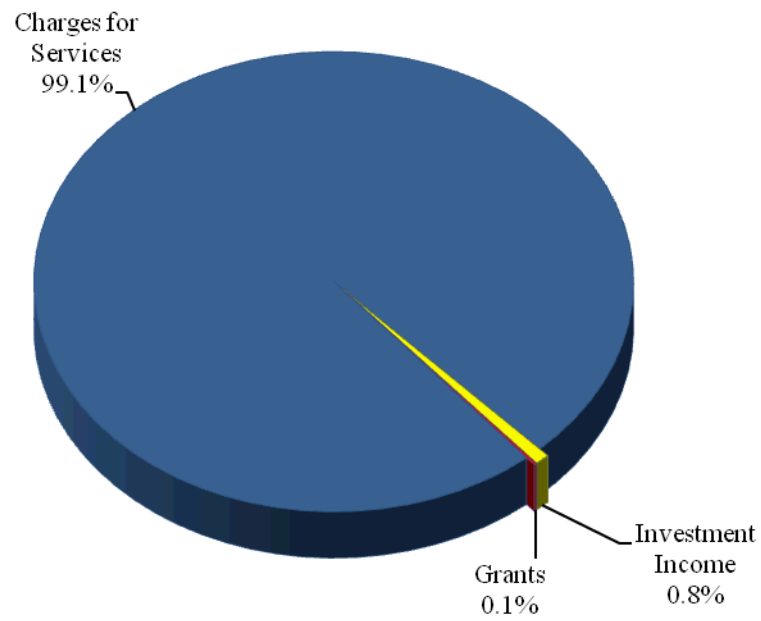
Revenues by Source- Governmental Activities For the Year Ended June 30, 2009



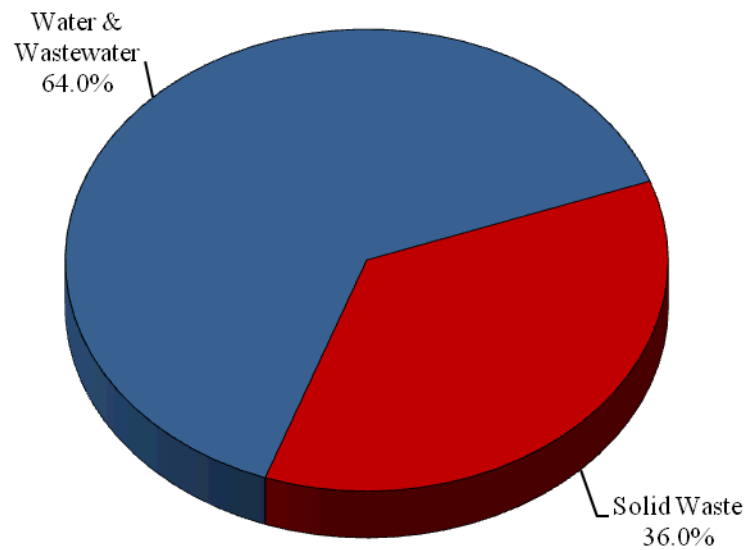
Expenses- Governmental Activities For the Year Ended June 30, 2009



Revenues by Source- Business-Type Activities
For the Year Ended June 30, 2009








Expenses- Business-Type Activities
For the Year Ended June 30, 2009



Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$190,460,890 (net of accumulated depreciation). The total increase in the County's investment in capital assets for the current year was 5.3%. This investment in capital assets includes land, buildings, water and sewer infrastructure, improvements, machinery and equipment, park facilities, roads, highways, and bridges. Change in net assets over a period of time can be used as an indicator of the financial health of the County.

Major capital asset events during the current fiscal year included the following:

- Construction is still underway for the addition of a new States Attorney Building in Snow Hill located next to the County Government Center. The new three story 11,000 square foot building will accommodate the States Attorney office and include a law library. The approximate cost of the improvements is \$3,500,000 and should be open in the fall of 2009. The building funds were utilized with prior year County budgets and pay-go funds. 
- Construction was still underway for the renovations to the County Health Department new building. The completed project includes a 35,000 square foot addition and a 10,500 square foot renovation to the existing building in Snow Hill. The approximate cost for the improvements is \$9,400,000 with \$1,910,000 in State Grant Funds. 
- In October 2008 a 6.53 acre parcel at 10129 Old Ocean City Blvd. in Berlin, was purchased which included a 5,250 square foot building, formally occupied by Tyson's Foods, Inc., and will be converted to a New Berlin Senior Center. Pay-as-you-go funds of \$2,500,000 will cover the purchase and renovation and the Center was completed in November 2009. 
- Construction is underway for the addition and renovation project to the County Jail located in Snow Hill, Maryland. The current capacity of the Jail at 319 will be increased by 183 for a total capacity of 502 inmates. The additional square footage of 64,367 and renovation of 13,283 square foot is estimated to cost \$25,960,186 and will utilize County and State Funds. The estimated completion is early 2010. 
- The former Berlin Senior Center at 107 William Street, Berlin, will be renovated to become a public Dental Clinic. The approximate 3072 square foot building will accommodate staff and patients and construction is targeted to begin in November, 2009. Funding was secured by State Grant Funds for up to \$500,000 and requires no County match. 
- Continued improvements to various County parks and Boat landings which total \$576,928 in FY09.
- The County contributed \$23,083,004 for the following education projects:
 - \$89,702 to Wor-Wic Community College towards campus development
 - \$10,469,191 for construction of a new Worcester Career and Technology Center School (renamed Worcester Technical High School)
 - \$12,524,111 for construction of an addition to the Pocomoke High School
- Construction was started on a 150,000 gallon water tower for the Newark Sanitary Service Area at a total estimated cost of \$671,000. The project is partially funded by the Maryland Department of the Environment through a loan and grant which total \$567,063.

Worcester County, Maryland
Capital Assets (Net of Depreciation)

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land and improvements	\$ 9,855,631	\$ 1,341,872	\$ 11,197,503	\$ 9,143,339	\$ 1,341,872	\$ 10,485,211
Building and building improvements	44,007,181	3,514,168	47,521,349	30,208,191	3,619,998	33,828,189
Improvements other than buildings	3,669,533	7,842,203	11,511,736	2,644,069	9,069,315	11,713,384
Machinery and equipment	11,541,444	5,314,378	16,855,822	12,777,118	4,941,137	17,718,255
Water and sewer systems		57,217,610	57,217,610		58,990,112	58,990,112
Infrastructure	19,134,052		19,134,052	22,221,943		22,221,943
Construction in progress	25,943,402	1,079,416	27,022,818	24,595,201	1,327,250	25,922,451
Total:	<u>\$ 114,151,243</u>	<u>\$ 76,309,647</u>	<u>\$ 190,460,890</u>	<u>\$ 101,589,861</u>	<u>\$ 79,289,684</u>	<u>\$ 180,879,545</u>

Additional information on Worcester County's capital assets can be found in note 5 on pages 53-54 of this report.

Long-term debt: At the end of the current fiscal year, Worcester County had total bonded long-term debt of \$109,730,025. The total debt is backed by the full faith and credit of Worcester County. Business-type activities are directly responsible for \$16,409,885 of the total debt.

Worcester County, Maryland
Outstanding Debt/General Obligation Bonds

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Bonded Debt	\$ 93,320,140	\$ 16,409,885	\$ 109,730,025	\$ 63,539,371	\$ 18,268,965	\$ 81,808,336

The County's total bonded debt increased by \$27,921,689 during the current fiscal year due to planned debt retirement of \$7,078,311 and issuance of \$35 million in new debt. See Note 6 of this report for details of additional debt incurred and existing debt paid.

Worcester County maintains an "AA-" rating from Fitch and an "Aa3" rating from Moody's for general obligation debt.

Additional information on the County's long-term debt can be found in note 6 on pages 55-59 of this report.

General Fund Economic Factors and Next Year's Budgets and Rates

During FY 2009, Worcester County experienced a continuation of a number of recent trends. Recordation and Transfer tax receipts were down 26.6 percent from the prior year – a further indication of the softening real estate market witnessed over the previous two years. The local economic performance reflects the current national recession and resulted in an income tax revenue decrease of 3.1% from the prior year. In order to meet current year reduced revenues, County Departments and Agencies were asked to save 2% of expenditures; this request included the Board of Education.

Tourism has remained relatively stable due in part to the proximity of the areas from which these visitors travel to reach Ocean City, although the trend over the last couple years includes a shorter booking window and shortened length of stay. Ocean City Chamber of Commerce reports average weekly summer population is from 262,000 to nearly 322,000 on the July 4th weekend. The unemployment rate for the County as of June 30, 2009 is 7.7%, which is an increase from a rate of 4.6% a year ago. This compares to the State's average unemployment rate of 7.4%.

Revenues 2010 Budget

The State of Maryland was projecting significant shortfalls in its current and FY 2010 projected budgets that promised to have negative impacts on local governments, as well. State budget cuts decreased Highway User Tax revenue by \$4,286,502 over the prior year. In FY 2010, reductions in revenue for real property taxes decreased by \$2.6 million. Transfer tax, recordation tax, income tax and interest on investments declined by \$5,450,000, which reflects national trends in the housing and financial markets.

Expenditures 2010 Budget

The FY 2010 budget includes increased benefit costs and the appropriation to the Trust fund for Other Post Employment Benefits. Decreases include no cost of living salary increase or longevity bonuses for County and Board of Education employees. Most Departments and Agencies budgets were approved with reduced funding (greater than 3%) for all programs and projects in FY 2010. The Board of Education operating budget was approved at the Maintenance of Effort level. The State of Maryland requires local governments to spend as much on school operating budgets on a per-pupil basis as they did the year before; thus, the maintenance of effort. Department consolidation was enacted which combined Comprehensive Planning and Environmental Programs into the Department of Development Review and Permitting.

Requests for Information

This financial report is designed to provide a general overview of Worcester County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Government Center Room 1105, Snow Hill, MD, 21863.

BASIC FINANCIAL STATEMENTS

WORCESTER COUNTY, MARYLAND

STATEMENT OF NET ASSETS
PRIMARY GOVERNMENT AS OF JUNE 30, 2009
COMPONENT UNITS AS OF JUNE 30, 2009 AND APRIL 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	The Board of Education of Worcester County	Liquor Control Board of Worcester County
ASSETS					
Cash and short-term investments	\$ 59,334,928	\$ 9,168,197	\$ 68,503,125	\$ 4,451,842	\$ 572,880
Receivables:					
Taxes	4,784,711	-	4,784,711	-	-
Federal, state, and local governments	12,044,468	-	12,044,468	4,289,670	-
Mortgage receivable	-	-	-	-	-
Other	3,322,449	5,029,180	8,351,629	69,766	513,106
Internal balances	1,504,184	(1,504,184)	-	-	-
Inventories, at first-in, first-out method	-	-	-	-	4,405,030
Prepaid items	24,510,262	-	24,510,262	16,862,411	61,891
Other assets	3,062	16,024,543	16,027,605	-	-
Nondepreciable capital assets	35,799,033	2,421,288	38,220,321	22,557,870	212,158
Depreciable capital assets, net	78,352,210	73,888,359	152,240,569	98,149,381	1,921,348
Total assets	219,655,307	105,027,383	324,682,690	146,380,940	7,686,413
LIABILITIES					
Accounts payable and accrued liabilities	9,287,291	601,970	9,889,261	6,119,201	1,376,231
Due to other governmental units	-	86,404	86,404	-	410,615
Unearned revenue	313,927	7,668,593	7,982,520	935,581	-
Due to fiduciary funds	153,228	-	153,228	358,457	-
Compensated absences	625,000	141,347	766,347	23,813	-
Long-term liabilities					
Compensated absences	938,000	212,023	1,150,023	396,212	-
Due within one year	7,349,672	14,682,512	22,032,184	-	4,681,840
Due in more than one year	89,693,839	15,775,036	105,468,875	-	917,787
Total liabilities	108,360,957	39,167,885	147,528,842	7,833,264	7,386,473
NET ASSETS					
Invested in capital assets, net of related debt	104,308,508	57,477,462	161,785,970	120,707,251	-
Restricted for:					
Capital projects	-	-	-	66,821	-
Food service activities	-	-	-	25,985	-
Other post employment benefits	24,483,919	-	24,483,919	16,862,411	-
Fiscal year 2010 budget	1,500,000	-	1,500,000	-	-
Unrestricted	(18,998,077)	8,382,036	(10,616,041)	885,208	299,940
Total net assets	\$111,294,350	\$ 65,859,498	\$ 177,153,848	\$ 138,547,676	\$ 299,940

The Notes to Financial Statements are an integral part of this statement.

WORCESTER COUNTY, MARYLAND

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

		Program Revenues		
Function/Program	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
<u>Governmental Activities</u>				
Current:				
General government	\$ 47,083,442	\$ 1,693,885	\$ 11,137,656	\$ 169,010
Public safety	36,283,485	2,268,650	11,545,748	8,165,194
Public works	15,599,323	31,372	3,523,892	2,029,530
Health and hospitals	6,012,215	486,954	481,909	-
Social services	3,448,378	-	190,414	-
Education	127,128,498	-	-	-
Libraries, recreation and culture	9,031,660	328,879	3,712,373	576,884
Conservation of natural resources	858,559	-	16,076	-
Economic development	1,978,375	7,377	436,291	217,002
Interest on long-term debt	3,049,378	-	-	-
Total Governmental Activities	250,473,313	4,817,117	31,044,359	11,157,620
<u>Business-Type Activities</u>				
Landfill	6,760,109	5,049,021	-	-
Department of Water and Wastewater	12,009,174	9,556,043	22,000	-
Total Business-Type Activities	18,769,283	14,605,064	22,000	-
Total Primary Government	269,242,596	19,422,181	31,066,359	11,157,620
<u>Component Units</u>				
The Board of Education of Worcester County	117,576,684	1,143,221	130,844,332	26,860,287
The Liquor Control Board for Worcester County	14,015,957	14,426,572	-	-
Total Component Units	131,592,641	15,569,793	130,844,332	26,860,287
<u>General Revenues</u>				
Taxes:				
Real and personal property				
Income				
Other:				
Room tax				
Admission and amusement				
Recordation				
Trailer park excise tax				
Transfer tax				
Food tax				
State shared				
Distribution from Worcester County Liquor Control Board				
Interest				
Other				
Total General Revenues				
Transfers				
Total Change in Net Assets				
<i>Net Assets Beginning of Year</i>				
<i>Net Assets End of Year</i>				

The Notes to Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	The Board of Education of Worcester County	The Liquor Control Board of Worcester County
\$ (34,082,891)	\$ -	\$ (34,082,891)	\$ -	\$ -
(14,303,893)	-	(14,303,893)	-	-
(10,014,529)	-	(10,014,529)	-	-
(5,043,352)	-	(5,043,352)	-	-
(3,257,964)	-	(3,257,964)	-	-
(127,128,498)	-	(127,128,498)	-	-
(4,413,524)	-	(4,413,524)	-	-
(842,483)	-	(842,483)	-	-
(1,317,705)	-	(1,317,705)	-	-
(3,049,378)	-	(3,049,378)	-	-
(203,454,217)	-	(203,454,217)	-	-
-	(1,711,088)	(1,711,088)	-	-
-	(2,431,131)	(2,431,131)	-	-
-	(4,142,219)	(4,142,219)	-	-
(203,454,217)	(4,142,219)	(207,596,436)	-	-
41,271,156	-	41,271,156	41,271,156	-
-	-	-	-	410,615
41,271,156	-	41,271,156	41,271,156	410,615
134,015,561	-	134,015,561	-	-
13,062,134	-	13,062,134	-	-
11,589,393	-	11,589,393	-	-
606,615	-	606,615	-	-
5,962,649	-	5,962,649	-	-
154,788	-	154,788	-	-
2,843,502	-	2,843,502	-	-
2,064,542	-	2,064,542	-	-
4,809,446	-	4,809,446	-	-
168,625	-	168,625	-	(410,615)
2,597,658	117,004	2,714,662	98,992	-
796,257	-	796,257	70,168	-
178,671,170	117,004	178,788,174	169,160	(410,615)
(81,154)	-	(81,154)	-	-
(24,864,201)	(4,025,215)	(28,889,416)	41,440,316	-
136,158,551	69,884,713	206,043,264	97,107,360	299,940
\$ 111,294,350	\$ 65,859,498	\$ 177,153,848	\$ 138,547,676	\$ 299,940

WORCESTER COUNTY, MARYLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
ASSETS			
Cash and short-term investments	\$ 28,947,378	\$ 29,778,545	\$ 5,334
Receivables:			
Taxes	4,784,711	-	-
Federal, state and local governments	4,584,905	7,459,563	-
Other	3,086,876	-	-
Due from other funds	11,352,450	-	-
Prepaid items	26,343	-	-
Other assets	3,062	-	-
Total assets	\$ 52,785,725	\$ 37,238,108	\$ 5,334

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable and accrued liabilities	\$ 4,487,022	\$ 4,062,910	\$ -
Due to other funds	19,826,166	9,848,266	-
Deferred revenue	3,978,416	-	-
Other	760,365	-	-
Total liabilities	29,051,969	13,911,176	-

FUND BALANCES

Fund balances:			
Reserved for encumbrances	5,260,907	-	-
Reserved for prepaid items	26,343	-	-
Reserved for fund purposes	-	-	5,334
Unreserved:			
Designated for capital projects	17,946,506	23,326,932	-
Undesignated	500,000	-	-
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Total Fund Balances	23,733,756	23,326,932	5,334

Total Liabilities and Fund Balances	\$ 52,785,725	\$ 37,238,108	\$ 5,334
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The Notes to Financial Statements are an integral part of this statement.

<u>Reserve</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
\$ -	\$ 603,671	\$ 59,334,928
-	-	4,784,711
-	-	12,044,468
-	235,573	3,322,449
18,974,224	698,714	31,025,388
-	-	26,343
-	-	3,062
<hr/>		
\$ 18,974,224	\$ 1,537,958	\$ 110,541,349
<hr/>		

\$ -	\$ 601,994	\$ 9,151,926
-	-	29,674,432
-	203,293	4,181,709
-	-	760,365
<hr/>		
-	805,287	43,768,432
<hr/>		
-	-	5,260,907
-	-	26,343
18,974,224	-	18,979,558
-	-	41,273,438
-	-	500,000
-	732,671	732,671
<hr/>		
18,974,224	732,671	66,772,917
<hr/>		
\$ 18,974,224	\$ 1,537,958	\$ 110,541,349
<hr/>		

WORCESTER COUNTY, MARYLAND

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2009

Total fund balances, governmental funds	\$ 66,772,917
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Amounts reported for governmental activities in the statement of net assets
are different because:

Pre-payment of post retirement employment benefits	24,483,919
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Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Assets.	114,151,243
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Certain revenues that do not provide current financial resources are reported as unearned revenue in the fund financial statements, but are reported as revenue in the governmental activities of the Statement of Net Assets.	3,867,782
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Some liabilities are not due and payable in the current period and therefore are
not reported in the fund financial statements, but are reported in the governmental
activities of the Statement of Net Assets. Those liabilities consist of:

Bond, notes and capital leases payable	(97,043,511)
Compensated absences	<u>(938,000)</u>

Total long-term liabilities	<u>(97,981,511)</u>
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Net assets of governmental activities in the Statement of Net Assets	<u><u>\$ 111,294,350</u></u>
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The Notes to Financial Statements are an integral part of this statement.



WORCESTER COUNTY, MARYLAND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
REVENUES:			
Taxes and special assessments	\$ 174,130,718	\$ -	\$ -
Licenses and permits	1,668,670	-	-
Intergovernmental	4,675,875	7,719,764	-
Service charges and fees	3,145,711	-	-
Miscellaneous	2,472,484	559,678	44
Other	-	-	-
Total revenues	186,093,458	8,279,442	44
EXPENDITURES:			
Current:			
General government	17,722,246	-	-
Public safety	25,313,721	-	-
Public works	7,102,703	-	-
Health and hospitals	5,559,830	-	-
Social services	1,847,644	-	-
Education	90,252,207	-	-
Libraries, recreation and culture	6,422,489	-	-
Conservation of natural resources	858,559	-	-
Economic development	1,395,490	-	-
Distributions to incorporated municipalities	19,570,744	-	-
Capital projects	-	42,970,601	-
Debt service:			
Principal retirement	-	-	5,219,231
Interest and other charges	-	-	3,108,154
Total expenditures	176,045,633	42,970,601	8,327,385
(Deficiency) excess of revenues over expenditures	10,047,825	(34,691,159)	(8,327,341)
OTHER FINANCING SOURCES (USES):			
Issuance of long-term debt	-	35,610,301	-
Transfers in	-	10,857,733	8,327,385
Transfers out	(20,370,471)	-	-
Total other financing sources (uses)	(20,370,471)	46,468,034	8,327,385
Net change in fund balances	(10,322,646)	11,776,875	44
Fund balances, beginning	34,056,402	11,550,057	5,290
Fund balances, ending	\$ 23,733,756	\$ 23,326,932	\$ 5,334

The Notes to Financial Statements are an integral part of this statement.

<u>Reserve</u>		<u>Other Post</u>	<u>Other</u>	
<u>Fund</u>		<u>Employment</u>	<u>Governmental</u>	<u>Total</u>
		<u>Benefits</u>	<u>Funds</u>	
		<u>Fund</u>		
\$	-	\$	-	\$ 174,130,718
	-		-	1,668,670
	-		1,411,856	13,807,495
	-		-	3,145,711
	-		-	3,032,206
	-	530,018	2,294	532,312
	-	530,018	1,414,150	196,317,112
	-			
	-	7,143,644	-	24,865,890
	-	9,056,294	-	34,370,015
	-	2,924,204	-	10,026,907
	-	29,021	-	5,588,851
	-	158,010	1,442,724	3,448,378
	-	13,838,185	-	104,090,392
	-	2,349,793	-	8,772,282
	-	-	-	858,559
	-	217,885	-	1,613,375
	-	-	-	19,570,744
	-	-	-	42,970,601
	-	-	-	5,219,231
	-	-	-	3,108,154
	-	35,717,036	1,442,724	264,503,379
	-	(35,187,018)	(28,574)	(68,186,267)
			-	35,610,301
1,104,199		-	-	20,289,317
-		-	-	(20,370,471)
1,104,199		-	-	35,529,147
1,104,199	(35,187,018)		(28,574)	(32,657,120)
17,870,025	35,187,018		761,245	99,430,037
\$ 18,974,224	\$ -	\$ 732,671	\$	66,772,917

WORCESTER COUNTY, MARYLAND

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

Net change in fund balances, governmental funds	\$ (32,657,120)
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	21,720,821	
Depreciation expense	<u>(9,159,439)</u>	
Excess of capital outlay over depreciation expense		12,561,382

Because some revenues will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues increased by this amount this year.	977,912
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Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. In the current period, bonds of this amount were issued, including deferred bond discounts	(35,610,301)
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Bond issue costs, premiums, discounts and similar items are reported in governmental funds when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.	58,776
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Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.	5,219,231
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The change in estimated landfill closure costs recorded in governmental activities and related expenditures increase or decrease a liability on the government-wide statements, but are not a use of current financial resources in the governmental funds.	200,000
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in post retirement employee benefits	24,483,919
Increase in compensated absences	<u>(98,000)</u>

Change in net assets of governmental activities	<u><u>\$ (24,864,201)</u></u>
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The Notes to Financial Statements are an integral part of this statement.



WORCESTER COUNTY, MARYLAND

STATEMENT OF FUND NET ASSETS
BUSINESS - TYPE ACTIVITIES

June 30, 2009

	<u>Landfill</u>	Department of Water and Wastewater <u>Services</u>	<u>Total</u>
ASSETS			
<u>Current assets</u>			
Cash and short-term investments	\$ 8,349,287	\$ 818,910	\$ 9,168,197
Accounts receivable	356,655	4,672,525	5,029,180
Total current assets	8,705,942	5,491,435	14,197,377
<u>Noncurrent assets</u>			
Capital assets			
Land, land rights and improvements	1,226,989	114,883	1,341,872
Construction in progress	-	1,079,416	1,079,416
Buildings and building improvements	4,233,213	-	4,233,213
Improvements other than buildings	27,710,151	-	27,710,151
Water and sewer systems	-	76,826,596	76,826,596
Machinery and equipment	6,565,524	5,395,936	11,961,460
	39,735,877	83,416,831	123,152,708
Less accumulated depreciation	(24,091,732)	(22,751,329)	(46,843,061)
	15,644,145	60,665,502	76,309,647
<u>Other assets</u>			
Long-term edu receivable	-	16,024,543	16,024,543
Total noncurrent assets	15,644,145	76,690,045	92,334,190
Total assets	24,350,087	82,181,480	106,531,567

The Notes to Financial Statements are an integral part of this statement.

	<u>Landfill</u>	Department of Water and Wastewater <u>Services</u>	<u>Total</u>
LIABILITIES			
<u>Current liabilities</u>			
Accounts payable and accrued expenses	332,617	212,315	544,932
Due to state	-	86,404	86,404
Bonds payable - current	-	1,859,023	1,859,023
Capital leases payable - current	785,892	50,190	836,082
Landfill - closure and postclosure costs	11,949,783	-	11,949,783
Accrued bond interest payable	-	198,385	198,385
Due to other funds	262,013	1,064,736	1,326,749
Total current liabilities	13,330,305	3,471,053	16,801,358
<u>Noncurrent liabilities</u>			
Unearned revenues	13,220	7,655,373	7,668,593
Vacation benefits	81,933	130,090	212,023
Bonds payable	-	14,550,862	14,550,862
Bond costs deferred	-	(324,420)	(324,420)
Capital leases payable	1,586,218	-	1,586,218
Due to other funds	-	177,435	177,435
Total noncurrent liabilities	1,681,371	22,189,340	23,870,711
Total liabilities	15,011,676	25,660,393	40,672,069
NET ASSETS			
Invested in capital assets, net of related debt	13,272,035	44,205,427	57,477,462
Unrestricted (deficit)	(3,933,624)	12,315,660	8,382,036
Total net assets	\$ 9,338,411	\$ 56,521,087	\$ 65,859,498

WORCESTER COUNTY, MARYLAND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS

BUSINESS - TYPE ACTIVITIES

Year Ended June 30, 2009

	<u>Landfill</u>	Department of Water and Wastewater <u>Services</u>	<u>Total</u>
OPERATING REVENUES:			
Domestic charges	\$ -	\$ 6,936,043	\$ 6,936,043
Commercial charges	-	458,618	458,618
Swimming pool charges	-	851	851
Hook-up charges	-	29,714	29,714
Future capital development	-	20,470	20,470
Interest and penalties on overdue accounts	707	135,354	136,061
Additional assessments	-	253,415	253,415
Payment by developers	-	24,159	24,159
Other revenue	57,897	740,364	798,261
Edu revenue	-	787,255	787,255
Tank fee revenue	-	2,400	2,400
White Horse Park revenue	-	167,400	167,400
Recycling charges	238,945	-	238,945
Stump removal charges	34,157	-	34,157
Licenses and permits	325,410	-	325,410
Landfill fees	4,391,905	-	4,391,905
Total operating revenues	5,049,021	9,556,043	14,605,064
Total operating expenses	4,390,649	8,859,758	13,250,407
Operating income before depreciation	658,372	696,285	1,354,657
Depreciation	2,242,955	2,586,756	4,829,711
Operating (loss) income	(1,584,583)	(1,890,471)	(3,475,054)
NONOPERATING INCOME (EXPENSE):			
Interest on investments	104,069	12,935	117,004
Operating grants	-	22,000	22,000
Interest expense	(126,505)	(562,660)	(689,165)
Total nonoperating income (expense)	(22,436)	(527,725)	(550,161)
Change in net assets	(1,607,019)	(2,418,196)	(4,025,215)
Net assets, beginning	10,945,430	58,939,283	69,884,713
Net assets, ending	\$ 9,338,411	\$ 56,521,087	\$ 65,859,498

The Notes to Financial Statements are an integral part of this statement.

WORCESTER COUNTY, MARYLAND

STATEMENT OF CASH FLOWS

BUSINESS-TYPE ACTIVITIES

Year Ended June 30, 2009

	<u>Landfill</u>	Department of <u>Water and Wastewater</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services	\$ 5,238,714	\$ 8,100,600	\$ 13,339,314
Cash received from other revenues	58,604	740,364	798,968
Cash received for future capital development	-	20,470	20,470
Cash payments to employees	(1,754,613)	(2,591,098)	(4,345,711)
Cash payments for fringe benefits	(613,498)	(1,323,274)	(1,936,772)
Cash payments for materials, supplies, and services	(1,536,230)	(4,607,893)	(6,144,123)
Net cash provided by operating activities	1,392,977	339,169	1,732,146
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of property and equipment	(269,386)	(1,070,108)	(1,339,494)
Proceeds from sales of property and equipment	232,500	-	232,500
Principal paid on capital lease maturities	(747,495)	(48,118)	(795,613)
Principal paid on bond and note maturities	-	(1,859,080)	(1,859,080)
Interest paid on bonds and notes	(126,505)	(562,660)	(689,165)
Bond costs deferred	-	37,658	37,658
Front foot assessments deferred	-	2,018,526	2,018,526
Net cash used by capital and related financing activities	(910,886)	(1,483,782)	(2,394,668)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received for operating grants	-	22,000	22,000
Net cash provided by noncapital and financing activities	-	22,000	22,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	104,069	12,935	117,004
Net cash provided by investing activities	104,069	12,935	117,004
Net increase (decrease) in cash and short-term investments	586,160	(1,109,678)	(523,518)
Cash and short-term investments, beginning	7,763,127	1,928,588	9,691,715
Cash and short-term investments, ending	\$ 8,349,287	\$ 818,910	\$ 9,168,197

The Notes to Financial Statements are an integral part of this statement.

WORCESTER COUNTY, MARYLAND

STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES (Continued)
Year Ended June 30, 2009

	<u>Landfill</u>	Department of <u>Water and</u> <u>Wastewater</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO			
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating loss	\$ (1,584,583)	\$ (1,890,471)	\$ (3,475,054)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation	2,242,955	2,586,756	4,829,711
Changes in assets and liabilities:			
Accounts receivable	248,748	(94,257)	154,491
Due to state	-	(819)	(819)
Due from/to other funds	60,648	347,937	408,585
Deferred revenue	(451)	(600,352)	(600,803)
Vacation benefits	3,115	10,908	14,023
Accounts payable and accrued expenses	422,545	(20,533)	402,012
Net cash provided by operating activities	\$ 1,392,977	\$ 339,169	\$ 1,732,146
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Equipment acquired under capital leases	\$ 742,680	\$ -	\$ 742,680

The Notes to Financial Statements are an integral part of this statement.

WORCESTER COUNTY, MARYLAND

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2009

	Public Drainage <u>Associations</u>	Other Post Employment Benefits <u>Trust</u>	<u>Total</u>	<u>Agency</u>
ASSETS				
Cash and short-term investments	\$ 378,013	\$ 26,357,428	\$ 26,735,441	\$ 3,016,030
Taxes receivable	-	-	-	802,761
Special assessments receivable	6,564	-	6,564	-
Due from other funds	1,475	-	1,475	151,753
Total assets	386,052	26,357,428	26,743,480	3,970,544
LIABILITIES				
Due to other governmental units	-	-	-	993,394
Other liabilities	-	-	-	2,977,150
Total liabilities	-	-	-	3,970,544
NET ASSETS				
Held in trust for other post employment benefits	-	26,357,428	26,357,428	-
Restricted	386,052	-	386,052	-
Total net assets	\$ 386,052	\$ 26,357,428	\$ 26,743,480	\$ -

The Notes to Financial Statements are an integral part of this statement.

WORCESTER COUNTY, MARYLAND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended June 30, 2009

	Public Drainage <u>Associations</u>	Other Post Employment Benefits <u>Trust</u>	<u>Total</u>
ADDITIONS:			
Special assessments	\$ 99,531	\$ -	\$ 99,531
Intergovernmental	9,100	-	9,100
Employer contributions	-	26,365,714	26,365,714
Interest	5,256	-	5,256
Miscellaneous	17,801	-	17,801
Total additions	131,688	26,365,714	26,497,402
DEDUCTIONS:			
Ditch maintenance	139,810	-	139,810
Miscellaneous	156	8,286	8,442
Total deductions	139,966	8,286	148,252
Change in net assets	(8,278)	26,357,428	26,349,150
Net assets, beginning	394,330	-	394,330
Net assets, ending	\$ 386,052	\$26,357,428	\$26,743,480

The Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Worcester County, Maryland

Worcester County, Maryland (the “County”) is a home rule county governed by a seven-member Board of County Commissioners and is located in Snow Hill, Maryland. The County government directly provides all basic local governmental services.

The financial statements of Worcester County, Maryland are prepared in accordance with U.S. generally accepted accounting principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are allowed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The County has elected to follow subsequent private-sector guidance provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

Note 2. Summary of Significant Accounting Policies

A. Financial Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County.

The component unit columns contain the financial data of the County’s discretely presented component units: the Board of Education of Worcester County and the Liquor Control Board of Worcester County. They are reported in separate columns to emphasize that they are legally separate from the County. Although these organizations are legally separate entities and have separately elected governing boards, they are included in the financial statements of the County because the County is financially accountable for each organization.

The *Board of Education of Worcester* (BOE) is a separately elected body that administers the public school system in the county. The BOE is organized as a separate legal entity, but does not have the power to levy taxes or issue bonds. The BOE’s budget is subject to approval by the County Commissioners, and the BOE receives a significant portion of its operational and capital project funding from the County.

The *Liquor Control Board of Worcester County* (LCB) is a separately elected body that oversees the operation of liquor sales in the County. The LCB is organized as a separate legal entity, but does not have the power to levy taxes or issue bonds. The County approves the LCB’s budget. The Liquor Control Board is included as of and for its fiscal year ended April 30, 2009.

Separately issued financial statements can be obtained from the following:

Board of Education of Worcester County
6270 Worcester Highway
Newark, Maryland 21841

Liquor Control Board of Worcester County
5363 Snow Hill Road
Snow Hill, Maryland 21863

B. Basis of Presentation

The County’s basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

GOVERNMENT WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or functions of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department, and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

FUND FINANCIAL STATEMENTS

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund is summarized by providing a separate set of self-balancing accounts which includes its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the County:

GOVERNMENTAL FUND TYPES

Governmental funds are accounted for using the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period. The following are the reporting entity's major governmental funds:

General Fund - The General Fund is the general operating fund of the County. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Other Post-Employment Benefits Fund - The Other Post-Employment Benefits Fund held funds that were reserved for employee pension benefits. This fund was closed during the year in conjunction with the creation of a trust fund to hold these assets (See Note 8). The fund is shown as a separate column for better understanding of the transactions that occurred.

Reserve Fund - The Reserve Fund contains funds that are reserved as a percentage of governmental expenditures.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

In addition, the County has the following non-major governmental funds which the County has chosen to show as major due to their importance to the overall performance of the County:

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, which are not financed by proprietary funds.

Debt Service Funds - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, including capital lease obligations, principal, interest and related costs.

The remaining governmental funds which are non-major consist of the following:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Department of Social Services Fund, the Local Management Board, and the Energy Service Fund are the special revenue funds of the County.

PROPRIETARY FUND TYPES

Proprietary funds are accounted for using the economic resources measurement focus; the accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet. Proprietary fund equity is segregated into investment in capital assets and unrestricted net assets.

Enterprise Funds - Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Landfill Fund and the Department of Water and Wastewater Services are the only enterprise funds of the County.

FIDUCIARY FUND TYPES

Fiduciary funds account for assets held by the County in a trustee or agency capacity. Agency funds are custodial in nature and do not involve measurement of results of operations.

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the County as an agent for other funds and/or other governments. The trust funds include the OPEB Trust Fund and the Public Drainage Fund (a private purpose trust fund). The agency funds include the State of Maryland Property Tax Fund, Maryland Department of Motor Vehicles Fund, Tax Sale Fund, Development Tax Fund, Performance Bond Fund, Confiscated Monies Fund, Personal Property Tax Fund, Forest Conservation Fund, Bay Restoration Fund, Snow Hill Property Tax Fund, Berlin Property Tax Fund, and Special Loans Fund.

D. Measurement Focus

GOVERNMENT WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets.

FUND FINANCIAL STATEMENTS

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprise funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

REVENUES - EXCHANGE AND NONEXCHANGE TRANSACTIONS

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days after year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: property taxes, franchise taxes, special assessments, intergovernmental revenues, interest revenue, and charges for services. Income taxes collected and held by the State at year-end on behalf of the County also are recognized as revenue. Licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

UNEARNED REVENUES

Unearned revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes not collected within the available period have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements were met also have been recorded as unearned revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as unearned revenue.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

EXPENSES/ EXPENDITURES

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Data

Formal budgetary accounting is employed as a management control for all Enterprise Funds. The annual budgets for the Enterprise Funds are prepared in accordance with the basis of accounting utilized by those funds. The general fund of the County has a legally adopted budget. The Budgetary Comparison Schedule - General Fund (schedule A) and Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund (schedule B) are prepared on a basis consistent with the budget. The County's budget includes appropriations of prior year fund balance as other sources in the current year. Also, the Statement of Activities is prepared on a basis consistent with GAAP where encumbrances are treated as reservations of fund balance and prior year fund balances are not recognized as other revenue sources. The budgets shown in the financial statements are the budget ordinances at the close of the day on June 30, 2009. All annual appropriations lapse at fiscal year end.

The County follows these procedures in establishing the governmental funds budgetary data reflected in the financial statements:

- (1) Prior to April 30, the Chief Administrative Officer submits to the County Commissioners a proposed budget for the fiscal year commencing the following July 1. The budget includes requested expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) No later than the first Tuesday in June, the budget is legally enacted through passage of a budget resolution.
- (4) The Chief Administrative Officer is not authorized to make any transfers of budgeted amounts. The County's legal level of budgetary control is at the County Commissioner level in that all transfers must be approved by the County Commissioners.

The Board of Education of Worcester County (the "Board") follows these procedures in establishing its general fund budgetary data reflected in the financial statements:

- (1) The Superintendent and Supervisor of Business Operations formulate a proposed budget for review by the Board during the second public hearing scheduled in February.
- (2) Prior to March 31, the Board adopts the proposed budget. The proposed budget, exclusive of amounts relating to restricted programs, is submitted to the County Commissioners.
- (3) In mid-May, the County Commissioners and the Board discuss the budget in public forum.
- (4) The County Commissioners approve the budget no later than the first Tuesday in June. The approved budget is subject to affirmation by the Board within thirty days of the County Commissioners' approval.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

G. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

H. Cash and Short-Term Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with original maturities of less than 30 days to be cash equivalents.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/ expense in the year in which services are consumed.

J. Property Tax

Taxes are levied annually on July 1 and are due in full by September 30 for non-owner occupied properties. Owner occupied property taxes are due in two equal semi-annual installments on September 30 and December 31, respectively. Property taxes are attached as an enforceable lien and are in arrears on October 1 for non-owner occupied properties and January 1 for owner occupied properties. The County bills and collects its own taxes. County property tax revenues are recognized when collected.

K. Inventory

Inventory is stated at the lower of cost (first in, first out) or market.

L. Capital assets

General capital assets are capital assets, which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide financial statements of net assets but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost or estimated cost and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date donated. The County maintains a capitalization threshold of \$10,000. The County's infrastructure consists of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

L. Capital assets (continued)

All capital assets are depreciated, except for land and improvements and construction in progress. Building improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and building improvements	40-100 years
Improvements other than buildings	40 years
Machinery and equipment	5-20 years
Water and sewer systems	6-20 years
Infrastructure	5-50 years

M. Interfund Receivables/ Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/ Payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide financial statement of net assets. The only interfund balances, which remain on the government-wide statement of net assets are those between governmental and fiduciary activities. These amounts are reflected as due to fiduciary funds.

N. Compensated Absences

Vacation benefits are earned by employees of the reporting entity based on time in service, and the rights to such benefits are vested. Sick leave is also accumulated by employees based on time in service. However, accumulated sick leave benefits do not vest and are not paid unless sickness causes employees to be absent, except that accumulated sick time is credited to months of service in the calculation of employees' retirement benefits. The County records vested vacation benefits as earned.

The entire compensated absences liability is reported on the government-wide financial statements. Accumulated vested vacation benefits of the other component unit as of June 30, 2009 is not material.

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Loans and leases are recognized as a liability on the fund financial statements when due.

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (continued)

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by grantors, creditors or laws or regulations of other governments.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Governmental Fund Balance Reserves

The County reserves those portions of governmental fund balances that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the County, these revenues are charges for services for department of water and waste water and landfill. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

S. Interfund Transactions

Transfers between governmental and business-type activities on the government wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/ expenses in the purchaser funds. Flow of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/ uses in governmental funds and after nonoperating revenues/ expenses in enterprise funds. Repayments from funds responsible for particular expenditures/ expenses to the funds that initially paid for them are not presented on the financial statements.

T. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Short-Term Investments

Deposits are maintained in a variety of financial institutions.

The County is authorized to invest unexpended revenues from taxation, bond sales, lawful distributions to it of funds from other governmental agencies, or any other funds properly received by it, until it determines the funds are needed for proper public purpose. The County can invest in United States Government bonds or evidence of indebtedness, it can invest in Federally insured banking institutions, which pledge United States Treasury bills, notes or other obligations to secure such deposits, repurchase agreements and collateralized certificates of deposit.

At June 30, 2009, Worcester County had deposits of \$12,628,746 (carrying value \$9,242,378). The depository banks pledge collateral for specific accounts, which are held in the County's name at the Federal Reserve Bank of Richmond and at Mercantile-Safe Deposit and Trust Company. Deposits in financial institutions were fully insured or collateralized at June 30, 2009, and therefore have no custodial risk associated with them.

The County is a participant in the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the State a safe investment vehicle for short-term investments of funds. The State Legislature created MLGIP with the passage of Article 94 22G of the Annotated Code of Maryland. The MLGIP is managed by PNC Safe Deposit and Trust Company, which is under administrative control of the State Treasurer. A MLGIP Advisory Committee of current participants has been formed to review the activities of the Fund on a quarterly basis and provide suggestions to enhance the pool. The MLGIP is rated AAAM by Standard and Poor's. The fair value of the pool is the same as the value of the pool shares. At June 30, 2009, the County had investments of \$89,000,568 with the Maryland Local Government Investment Pool, which are recorded at cost, which approximates fair value.

The County's exposure to investment rate and credit risk is minimal, as all investments are in cash or MLGIP and are thus precluded from having to sell below original cost. Custodial credit risk is also mitigated by having all investments fully collateralized by securities as mentioned previously.

Reconciliation of cash and short term investments as shown on the Statement of Net Assets:

Petty cash	\$ 11,650
Carrying amount of deposits	9,242,378
MLGIP	89,000,568
Less amounts in fiduciary funds	<u>(29,751,471)</u>
Total	<u><u>\$ 68,503,125</u></u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Interfund Balances

As a result of its operations, the County effects a variety of transactions between funds to finance operations, service debt, etc. Accordingly, to the extent that certain interfund transactions have not been paid or received as of June 30, 2009, appropriate due from/to other funds have been established.

Interfund transactions are classified as follows:

1. Transfers to support the operations of other funds are recorded as "Transfers in (out) to other funds" and classified as "Other Financing Sources (Uses)" in the fund statements. Transfers between governmental and proprietary funds are netted as part of the reconciliation of the Government-wide financial statements.
2. Loans between funds are classified as Interfund loans receivable and payable or as advances to and from other funds in the fund statements. Interfund loans do not affect total equity, but advances to other funds are offset by a reservation of the fund equity. Loans and advances are netted as part of the reconciliation of the Government-wide financial statements.

Interfund balances at June 30, 2009, consisted of the following individual fund receivables and payables:

	Due From Other Funds	Due to Other Funds
General fund:		
Enterprise funds:		
Landfill	\$ 262,013	\$ -
Department of Water and Wastewater	1,242,171	-
Reserve fund	-	18,974,224
Energy service fund	-	698,714
Capital Projects fund	9,848,266	-
State of Maryland property tax agency fund	-	112,717
Snow Hill property tax agency fund	-	5,199
Berlin property tax agency fund	-	23,989
Public Drainage Association	-	1,475
Critical Areas Fund	-	323
Chesapeake Bay Restoration Fund	-	9,525
Other governmental funds:		
General fund	698,714	-
Reserve Fund:		
General fund	18,974,224	-
Capital projects funds:		
General fund	-	9,848,266
Fiduciary funds:		
General fund	153,228	-
Enterprise funds:		
General fund	-	1,504,184
	<u>\$ 31,178,616</u>	<u>\$ 31,178,616</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Transfers and Reductions	Balance June 30, 2009
Primary Government				
Governmental Activities:				
Nondepreciable Capital Assets:				
Land and improvements	\$ 9,143,339	\$ -	\$ 712,292	\$ 9,855,631
Construction in progress	24,595,201	18,077,103	(16,728,902)	25,943,402
Total Nondepreciable Capital Assets	33,738,540	18,077,103	(16,016,610)	35,799,033
Depreciable Capital Assets:				
Building and building improvements	41,518,751	-	15,153,437	56,672,188
Improvements other than buildings	4,921,364	459,928	763,173	6,144,465
Machinery and equipment	25,260,490	1,154,258	(441,719)	25,973,029
Infrastructure	104,400,351	2,029,532	-	106,429,883
Total Depreciable Assets	176,100,956	3,643,718	15,474,891	195,219,565
Less accumulated depreciation for:				
Buildings and building improvements	(11,310,560)	(1,354,447)	-	(12,665,007)
Improvements other than buildings	(2,277,295)	(297,637)	100,000	(2,474,932)
Machinery and equipment	(12,483,372)	(2,389,932)	441,719	(14,431,585)
Infrastructure	(82,178,408)	(5,117,423)	-	(87,295,831)
Total accumulated depreciation	(108,249,635)	(9,159,439)	541,719	(116,867,355)
Total Depreciable Capital Assets, Net	67,851,321	(5,515,721)	16,016,610	78,352,210
Governmental Activities Capital Assets, Net	\$ 101,589,861	\$ 12,561,382	\$ -	\$ 114,151,243

Depreciation expense was charged to governmental functions as follows:

General government	\$ 619,723
Public safety	1,556,303
Public works	5,592,869
Health and hospitals	423,364
Libraries, recreation and culture	967,180
Total depreciation expense	\$ 9,159,439

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (continued)

	Balance June 30, 2008	Additions	Transfers and Reductions	Balance June 30, 2009
Business-type Activities				
Nondepreciable Capital Assets:				
Land, land rights and improvements	\$ 1,341,872	\$ -	\$ -	\$ 1,341,872
Construction in progress	1,327,250	588,874	(836,708)	1,079,416
Total Nondepreciable Capital Assets	2,669,122	588,874	(836,708)	2,421,288
Depreciable Capital Assets:				
Buildings and building improvements	4,233,213	-	-	4,233,213
Improvements other than buildings	27,468,636	218,004	23,511	27,710,151
Machinery and equipment	10,856,051	1,117,989	(12,580)	11,961,460
Water and sewer systems	76,461,814	157,307	207,475	76,826,596
Total Depreciable Assets	119,019,714	1,493,300	218,406	120,731,420
Less accumulated depreciation for:				
Buildings and building improvements	(613,215)	(105,830)	-	(719,045)
Improvements other than buildings	(18,399,321)	(1,468,627)	-	(19,867,948)
Machinery and equipment	(5,879,319)	(1,151,965)	384,202	(6,647,082)
Water and sewer systems	(17,507,297)	(2,103,289)	1,600	(19,608,986)
Total accumulated depreciation	(42,399,152)	(4,829,711)	385,802	(46,843,061)
Total Depreciable Capital Assets, Net	76,620,562	(3,336,411)	604,208	73,888,359
Business-type Activities Capital Assets, Net	\$ 79,289,684	\$ (2,747,537)	\$ (232,500)	\$ 76,309,647

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

Changes in the County's long-term obligations during 2009 were as follows:

	Balance at June 30, 2008	Additions	Reductions	Balance at June 30, 2009	Amount Due in One Year
Governmental Activities					
Estimated landfill closure costs	\$ 3,000,000	\$ -	\$ (200,000)	\$ 2,800,000	\$ -
General obligation bonds:					
Consolidated Public Improvement Bonds, 1998 Series; interest 4% to 5%; due annually to 2013	2,985,000	-	(445,000)	2,540,000	465,000
Consolidated Public Improvement Bonds, 2000 Series; interest 5.25% to 6%; due annually to 2015, partially redeemed with 2004 series	3,030,000	-	(1,475,000)	1,555,000	1,555,000
Consolidated Public Improvement Bonds, 2002 Series; interest 2% to 3.75%; due annually to 2017	3,294,412	-	(280,735)	3,013,677	287,500
Consolidated Public Improvement Bonds, 2004 Series; interest 2.5% to 5%; due annually to 2020	23,070,000	-	(1,405,000)	21,665,000	1,455,000
Consolidated Public Improvement Bonds, 2007 Series; interest at 3.5% to 4.5%; payable semiannually to 2022	28,100,000	-	(1,385,000)	26,715,000	1,445,000
MDE Water Quality Bond; interest at .4%, due annually to 2024	3,059,959	-	(228,496)	2,831,463	229,410
Consolidated Public Improvement Bonds, 2008 Series; interest at 3.25% to 5%; payable semiannually to 2024	-	35,000,000	-	35,000,000	1,835,000
Deferred Bond Discount, net	371,846	610,301	(58,776)	923,371	77,762
	66,911,217	35,610,301	(5,478,007)	97,043,511	7,349,672
Compensated absences	1,400,000	1,130,000	(967,000)	1,563,000	625,000
Total Governmental Activities	\$68,311,217	\$ 36,740,301	\$ (6,445,007)	\$98,606,511	\$ 7,974,672

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

	Balance at June 30, 2008	Additions	Reductions	Balance at June 30, 2009	Amount Due in One Year
Business-Type Activities					
Estimated landfill closure costs	\$11,578,866	\$ 370,917	\$ -	\$11,949,783	\$11,949,783
General obligation bonds:					
Consolidated Public Improvement Bonds, 1998 Series; interest 4% to 5%; due annually to 2013	1,460,000	-	(220,000)	1,240,000	225,000
Consolidated Public Improvement Bonds, 2002 Series; interest 2% to 3.75%; due annually to 2017	1,575,588	-	(134,263)	1,441,325	137,500
Consolidated Public Improvement Bonds, 2004 Series; interest 2.5% to 5%, due annually to 2020	1,770,000	-	(170,000)	1,600,000	170,000
MDE Water Quality Bond; interest at .4%; due annually to 2024	5,604,191	-	(404,636)	5,199,555	406,252
Public Refunding Bonds, 2007; interest at 3.5% to 4.5 %; payable semiannually to 2022	7,305,000	-	(900,000)	6,405,000	890,000
Snug Harbor Water Quality Loan Agreement, 2007; interest 0.04%, due semiannually to 2026	554,186	-	(30,181)	524,005	30,271
Deferred Bond Costs, net	(362,078)	-	37,658	(324,420)	37,624
Capital lease payable	2,475,233	742,680	(795,613)	2,422,300	836,082
	31,960,986	1,113,597	(2,617,035)	30,457,548	14,682,512
Compensated absences	330,000	303,370	(280,000)	353,370	141,347
Total Business-Type Activities	\$ 32,290,986	\$ 1,416,967	\$ (2,897,035)	\$ 30,810,918	\$14,823,859

The County issued \$6,800,000 in Consolidated Public Improvement Bonds, 2002 Series, with an average interest rate of 3.28% and maturing in 2017. Proceeds of \$3,100,000 was used for the renovation and equipping of the Worcester County Court House, \$1,500,000 was used for the purchase of land, construction and equipping of a new Snow Hill Senior Center/Adult Medical Day Care Center and \$2,200,000 was used for various Department of Water and Wastewater water and sewer projects.

The County issued \$21,740,000 in Consolidated Public Improvement Bonds, 2000 Series, with an average interest rate of 5.4%. Proceeds of the Bonds were used to finance all or a portion of the costs of the construction, equipping and acquisition of land for a new county government office building, renovation to the existing court house, renovations and improvements to Stephen Decatur High School, and to pay all costs of issuance of the Bonds.

The County issued \$9,190,000 in Consolidated Public Improvement Bonds, 1998 Series, with an average interest rate of 4.4%. Proceeds of \$6,265,000 and \$2,925,000 will be repaid by the County and the Department of Water and Wastewater, respectively. Proceeds of the Bonds were used to finance all or a portion of the costs of the construction and equipping of a new North County Library, an approximately 60-bed addition to the Worcester County Jail, renovations at various schools within the County, the County's share of the Wor-Wic Community College campus development, various improvements to the water system and wastewater collection system and upgrades to the wastewater treatment plant in the Ocean Pines Sanitary Service Area, and to pay costs of issuance of the Bonds.

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

During 1990, the operations of three County landfills were terminated. During 1998, changes in Federal and State regulations will cause the County to incur additional closure costs in capping the Berlin rubble fill, which had already been previously closed. The County currently estimates that related closure costs to be incurred under current Federal and State regulations will approximate \$2,800,000. Engineering studies are presently being conducted to evaluate closure alternatives and develop a more accurate estimate of the related costs. The County intends to fund such costs with future revenues and has included its current estimate of such costs in long-term debt.

In August 2004 the County entered into an agreement with the Maryland Department of the Environment's State Revolving Loan Fund to finance water quality capital projects totaling \$12,325,000 with an interest rate of 0.4% and administrative charges of 0.5% to be repaid over the next 20 years. The loan will be used to fund landfill closure projects in Pocomoke (\$2,600,000) and Snow Hill (\$2,800,000) and various water and wastewater projects (\$6,900,000), including the expansion of the Ocean Pines wastewater treatment facility.

In November 2004, the County issued \$30,115,000 in Consolidated Public Improvement Project and Refunding Bonds, 2004 series, with an average interest rate of 3.55% and maturing in 2020. Proceeds of \$13,110,000 were used for the renovation and equipping for a new Ocean City Elementary School. In addition, the Consolidated Public Improvement Bonds, 1992 series was redeemed, plus a portion of the 1996 and 2000 series was also redeemed. The additional proceeds were placed in escrow for the purpose of generating resources for all future debt service payments on \$16,765,000 of general obligation bonds. As a result, the liability has been removed. A net interest savings of \$745,708 was achieved over the life of the bond.

In April 2007, the County issued \$35,865,000 in Consolidated Public Improvement Project and Refunding Bonds, 2007 series, with an average interest rate of 4.0% and maturing in 2022. Proceeds of \$28,100,000 were designated to finance a new Worcester Career & Technology Center. In addition, the Sanitary District Bonds, Series J, and the Consolidated Public Improvement Project and Refunding Bonds, 1996 Series, were refunded. The Consolidated additional proceeds were placed in escrow for the purpose of generating resources for all future debt service payments on \$7,620,000 of general obligation bonds. As a result, the liability has been removed. A net interest savings of \$523,511 was achieved over the life of the bond.

In November 2008, the County issued \$35,000,000 in Consolidated Public Improvement Bonds, 2008 Series, with an average interest rate of 4.13% and maturing in 2024. Proceeds were designated to finance renovations and additions to the Pocomoke High School and to pay all costs of issuance of the bond.

In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds with an escrow agent in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the financial statements for the County. At June 30, 2009, \$6,855,000 of bonds are considered defeased during prior years which are related to Business-Type Activities.

The following is a summary of the County's future annual debt service requirements on long-term obligations (excluding capital lease obligations, which are reported separately):

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

Governmental Activities

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 7,271,910	\$ 3,746,783	\$ 11,018,693
2011	7,522,975	3,511,217	11,034,192
2012	10,624,043	3,196,515	13,820,558
2013	7,393,498	2,876,271	10,269,769
2014	7,689,573	2,553,572	10,243,145
2015-2019	30,767,516	8,526,046	39,293,562
2020-2024	24,850,625	2,568,081	27,418,706
Total	\$96,120,140	\$26,978,485	\$ 123,098,625

Business-Type Activities

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 13,808,806	\$ 440,923	\$ 14,249,729
2011	1,865,621	384,832	2,250,453
2012	1,927,227	322,791	2,250,018
2013	1,955,459	257,429	2,212,888
2014	1,667,078	198,109	1,865,187
2015-2019	5,856,558	345,173	6,201,731
2020-2024	1,221,920	10,725	1,232,645
2025-2026	56,999	328	57,327
Total	\$28,359,668	\$ 1,960,310	\$ 30,319,978

The County has entered into leases for the acquisition of various equipment, which transfer ownership at the end of the lease. Accordingly, the present value of future minimum lease payments and the related assets have been recorded in the appropriate fund.

The assets acquired through capital leases are as follows:

Business-Type Activities

Equipment	\$ 4,441,360
Less accumulated depreciation	(1,441,420)
Total	\$ 2,999,940

The following is a summary of the future minimum lease payments on the capital leases:

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

Business-Type Activities

<u>Year Ending June 30.</u>	
2010	\$ 950,169
2011	763,199
2012	548,909
2013	300,322
2014	95,767
	<hr/> 2,658,366
Less amount representing interest	(236,066)
	<hr/>
Present value of future minimum lease payments	<hr/> \$ 2,422,300 <hr/>

Neither the County nor its component units are in violation of any debt agreement provisions.

Funds Used for Debt Service and Liquidation of Compensated Absences

Payments on bonds and notes payable that pertain to the County's governmental activities are made by the debt service fund via transfers from the general fund. Payments on bonds and notes payable that pertain to the County's business-type activities are made by the fund in which the liability exists. The compensated absences liability attributable to the governmental activities will be liquidated by the County's general fund. The compensated absences liability attributable to business-type activities will be liquidated by the fund in which the liability exists.

Under provisions of Article 41, Section 266A through 266I of the Annotated Code of Maryland, the County has participated in Industrial Revenue Bonds for various projects within the County. Neither the bonds, nor the interest thereon, constitute an indebtedness or contingent liability of the County and, accordingly, they are not included in the governmental funds.

Note 7. Pension Plans

Plan Description

Generally, all regular employees of the reporting entity (except for the County's Department of Water and Wastewater Services' employees) participate in the State of Maryland Employees Retirement and Pension Systems (Employees Systems). Law enforcement officers employed by the County participate in the State of Maryland Law Enforcement Officers Pension Systems (LEOPS). Correctional officers employed by the County participate in the State of Maryland Correctional Officers Retirement System (CORRS). Teachers employed by the Board of Education generally participate in the State of Maryland Teachers Retirement and Pensions Systems (Teachers Systems). All of these plans (collectively the Systems) are cost sharing multiple-employer public retirement systems sponsored by the Maryland State Retirement and Pensions Systems and created by the Maryland General Assembly. The Maryland State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the systems. That report may be obtained by writing to the Office of Legislative Audits, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201.

Participants in the Systems may retire with full benefits after thirty years of service regardless of age or at various ages with specified years of eligibility service for reduced benefits. Annual service retirement allowances are paid monthly to retired members in accordance with allowance options selected based on average final compensation. Participants terminating in the retirement system prior to specified retirement age are refunded their accumulated contributions plus earned interest or may defer receipt of accumulated contributions until age 60. Participants and their beneficiaries may also be eligible for disability and death benefits based on years of creditable service and average final compensation.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

Funding Policy

The State Personnel and Pensions Article requires active members to contribute to the System at the rate of 5% or 7% of their covered salary depending upon the retirement option selected.

Employer's payroll and contributions under the plans, are:

	2009	2008	2007
Payroll covered under the plan	\$ 28,436,090	\$ 24,744,468	\$ 21,417,944
Contributions paid in:			
County payments	3,015,832	2,210,432	1,773,519
Actual contributions to required contributions	100%	100%	100%
On-behalf payments (Library)	129,833	117,400	84,889

The employees of the Department of Water and Wastewater Services are covered by a cost sharing multiple employer defined benefit plan administered by Nationwide Life Insurance Company. Employees contribute 4% of their annual salary. The employees of the Town of Ocean City are also participating in this plan.

The pension plan provides pension, death and disability benefits. Normal retirement age is 65 although early retirement may be taken at age 55 with the completion of 10 years of service. Reduced benefits then apply. Any employee is fully vested after 5 years of service. Separate audited financial statements are not issued by the plan.

The plan's accrued benefits and net assets available as of June 30, 2008, the latest date available, are:

Actuarially computed value of:

Vested accrued benefit obligation	\$ 4,325,930
Nonvested accrued benefit obligation	-

4,325,930

Net assets available for pension benefits

6,121,731

Net pension (obligation) asset

\$ 1,795,801

Contributions to the system are defined by the retirement law to consist of a "normal contribution" which is to cover the portion of projected liabilities accruing on account of service of members during the year following the valuation date, and an "unfunded actuarial liability contribution" which together with assets on hand is to cover the portion of projected liabilities on account of service rendered prior to the valuation date.

The Department's contribution to the pension plan for the year ended June 30, 2009 was \$100,570 and is based on the entry age normal cost method. The department has contributed 100% of the required contribution for the past three years.

Covered payroll for the Department totaled approximately \$2,662,532.

The following are the major actuarial assumptions and procedures for the pension plan:

Valuation	7%, including inflation rate of 4%
Cost Method	Aggregate
Mortality Rates	1983 Group Annuity (Male) Table with Female Ages Set Back 6 Years
Salary Scale	5% per Year to Age 65, including inflation rate of 4%
Cost of living adjustment	4%

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plans (continued)

As of June 30, 2009, all assets of the plan were held in a deposit administration (guaranteed) fund under a group annuity contract issued by Nationwide Life Insurance Company.

The plan uses the aggregate cost method to determine necessary funding. This method does not amortize past service liabilities separately from current and future expenses.

The normal cost is calculated for the plan as a whole by spreading the difference between the present value of projected future benefits, including prior years' gains and losses, less assets, less the present value of future employee contributions, in a level manner over the future salary of plan participants.

Information regarding the System's funding status for plan years 2009-2007 is as follows:

	2009	2008	2007
Net assets available for pension benefits	\$ 6,121,731	\$ 5,521,261	\$ 5,098,067
Pension obligation	\$ 4,325,930	\$ 3,885,260	\$ 3,444,891
Percentage funded	142%	142%	148%
Net pension assets	\$ 1,795,801	\$ 1,636,001	\$ 1,653,176
Annual covered payroll	\$ 2,662,532	\$ 2,539,351	\$ 2,415,221
Assets in excess of pension obligation as a percentage of covered payroll	67%	64%	68%
Employer contributions	\$ 218,636	\$ 173,850	\$ 143,761
Employer contributions as a percentage of covered payroll	8%	7%	6%

Note 8. Other Post-Employment Benefits

Plan Description

The Worcester County Post-Retirement Medical Benefits Plan (the "Plan") is an agent multiple employer defined benefit healthcare plan administered by the County. The Plan provides medical and prescription drug benefits to eligible retirees, their spouses and eligible dependants. All classes of employees are eligible to participate in the Plan upon retirement. Participants must meet the eligibility requirements of the Maryland State Retirement System, which are age 55 with 15 years of service, age 62 with 5 years of service (15 years if hired on or after November 1, 2007) or 30 years of service regardless of age. Eligible spouses and dependants desiring coverage through the eligible retiree's plan must be enrolled in the Plan immediately prior to the retiree's effective date of retirement. As of July 1, 2008, the date of the last actuarial valuation, the following number of employees were receiving or are potentially eligible to receive future benefits:

	County	Board of Education	Liquor Control Board
Active	491	956	3
Retired	189	483	5
Total	680	1,439	8

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

Separate financial statements are not issued for the OPEB Trust (the Plan).

Funding Policy

The County provides basic major medical insurance (medicare supplemental program for those over 65) and a prescription drug plan for its retired employees. It is the County's policy to pay 90% of the cost of such benefits for eligible retirees, dependents and spouses. The County currently pays for the cost of these benefits on a pay as you go basis. For the year ended June 30, 2009, the County paid for coverage of 176 retirees at a total cost to the County of approximately \$980,997. The County also paid for coverage of 526 Board retirees at a cost of \$3,004,000.

In May 2009, the County created the Retiree Benefit Trust of Worcester County and the Retiree Benefit Trust of the Board of Education of Worcester County (collectively the "Trust") in order to arrange for the establishment of a reserve to pay promised future health and drug benefits for employee services that have already occurred. The County intends the contributions to the Trust will qualify as "contributions in relation to the actuarial required contribution" within the meaning of GASB Statement Number 45 and that the Trust will qualify as a "trust or equivalent arrangement" within the meaning of GASB Statements 43 and 45.

Employee and retiree contributions are not permitted. The trustees of each Trust consist of a five member board who have final authority in all matters pertaining to the Trust.

The Trust prohibits any part of the Trust to be used for or diverted to purposes other than providing benefits to participants and beneficiaries under the Plan. The Trust provides that in no event will the assets of the Trust be transferred to an entity that is not a state, a political subdivision, or an entity the income of which is excluded from taxation under Section 115 of the IRS Code.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post employment benefits (OPEB) cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined within the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year plus any unfunded liability amortized over a period not to exceed thirty years. The County is implementing GASB Statement 45 prospectively in fiscal year 2009, therefore the net OPEB obligation at the beginning of the fiscal year is zero. The County pays post retirement medical benefits (normal cost) from the General Fund, not from the Trust for fiscal year 2009. Beginning July 1, 2009, medical benefits will be paid from the Trust.

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation.

	County	Board of Education	Total	Liquor Control Board
Annual required contribution	\$ 2,862,792	\$ 12,499,017	\$ 15,361,809	\$ 103,000
Interest on net OPEB obligation	-	-	-	-
Adjustment to annual required contributor	-	-	-	-
Annual OPEB cost (expense)	2,862,792	12,499,017	15,361,809	103,000
Contributions made:				
Contributions to trust	(26,365,714)	(26,357,428)	(52,723,142)	-
Pay as you go	(980,997)	(3,004,000)	(3,984,997)	-
Total contributions made	(27,346,711)	(29,361,428)	(56,708,139)	-
Net OPEB obligation (asset)	(24,483,919)	(16,862,411)	(41,346,330)	103,000
Net OPEB obligation at beginning of year	-	-	-	-
Net OPEB obligation (asset) at end of year	\$ (24,483,919)	\$ (16,862,411)	\$ (41,346,330)	\$ 103,000

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-Employment Benefits (continued)

The OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation was as follows:

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
County	June 30, 2009	\$ 2,862,792	955%	\$ (24,483,919)
Board of Education	June 30, 2009	12,499,017	235%	(16,862,411)
Liquor Control Board	June 30, 2009	103,000	0%	103,000

Funding Status and Funding Progress

The following table is as of July 1, 2008 the most recent actuarial valuation date:

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
County	\$ 26,357,428	\$ 36,710,468	\$ 10,353,040	71.80%	\$ 28,436,090	36.41%
Board of Education	26,357,428	105,100,000	78,742,572	25.08%	64,512,561	122.06%
Total	\$ 52,714,856	\$ 141,810,468	\$ 89,095,612	96.88%	\$ 92,948,651	158.47%
Liquor Control Board	\$ 988,000	\$ 1,591,000	\$ 603,000	62.10%	\$ 108,000	558.33%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designated to present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and Plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and Plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of net assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the cost method used was the projected unit credit, with linear proration to decrement attribution. The actuarial assumptions include a 7.5% investment return per annum. The projected annual healthcare cost trend rate is 9.0% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. The UAAL is being amortized over thirty (30) years based on a level percentage of projected payrolls.

NOTES TO FINANCIAL STATEMENTS

Note 9. Deferred Compensation

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all eligible full-time County employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency; as approved by the County Commissioners.

The County funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investments underwritten by Security Benefits.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the plan participants and are not subject to the claims of the County's general creditors.

The County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

Note 10. Commitments and Contingencies

The County is a defendant in several lawsuits. After considering all relevant facts and the opinion of legal counsel, it is management's opinion that such litigation will not, in the aggregate, have a material adverse effect on the financial position of the County.

The County regularly enters into contracts for services during the normal course of operations. The Contracts often extend over fiscal years.

The County has entered into various contracts for the construction and renovation of the Health Department in Snow Hill. The contracts are for \$9,733,202 of which \$8,035,896 was expended through June 30, 2009. This project is being partially funded by State of Maryland grants totaling \$1,910,000.

The County has entered into various contracts for the construction of the Jail addition and renovation in Snow Hill. The contracts are for \$24,366,528 of which \$19,402,756 was expended through June 30, 2009. This project is being partially funded by the State of Maryland grants totaling \$9,165,000.

The County has entered into a contract for the construction of the new States Attorney building in Snow Hill. The contracts are for \$2,770,958 of which \$2,633,460 was expended through June 30, 2009.

The County has entered into a contract for engineering and architectural services for the renovation of the building for the new Senior Center in Berlin. The contracts are for \$52,500 of which \$26,545 was expended through June 30, 2009.

The County has entered into a contract for the design of a pump station and force main with generator for the Showell School sewer water connection. The contracts are for \$66,370 of which \$39,822 was expended through June 30, 2009.

The County has entered into various contracts for the construction of the Newark Water Tower in Newark MD. The contracts are for \$593,735 of which \$240,912 was expended through June 30, 2009. This project is being funded by the Maryland Department of the Environment, Water Quality Revolving Loan of \$367,063 and a MDE Grant totaling \$200,000.

NOTES TO FINANCIAL STATEMENTS

Note 11. Reserved and Designated Fund Balance

Reservations of fund balance show amounts that are not available for current appropriations or are legally restricted for specific uses. Designations of fund balance are used to show the amounts within unreserved fund balance, which are intended to be used for specific purposes but are not legally restricted. The designations for 2009 are summarized as follows:

Designated for:

ADA County Buildings	\$ 6,900
ADA Recreation Facility Access	9,100
Berlin Health Department Storage and Parking	300,000
Berlin Rubblefill Cap and Closure	400,000
Berlin Senior Center	685,000
Computer Upgrade/Document Imaging	335,000
Health Department Addition and Roof Replacement	120,000
Highway User Revenue	528,148
Isle of Wight Building	800,000
Jail Central Booking Facility	4,442,400
North End Public Works Building	500,000
Ocean City Elementary School	200,000
Oscar Purnell House Renovation	993,000
Public Landing Marina	130,000
Public Works Building Expansion	100,000
Route 50 Service Road	1,750,828
Rural Legacy Program	6,400
Sailor Wireless Network Technology	150,000
Showell Elementary School Sewer Line	1,311,000
Snow Hill High School Athletic Fields	512,730
Snow Hill High School Design and Construction	1,077,000
States Attorney Office Renovate Aging Building	330,000
Budget stabilization	1,500,000
Wor-Wic College New Allied Health Building	1,759,000
<hr/>	
Total designations	<u>\$ 17,946,506</u>

NOTES TO FINANCIAL STATEMENTS

Note 12. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the County to place a final cover on Worcester County landfills when closed and to perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure.

The Berlin landfill stopped accepting waste in 1990. The landfill has been capped and only has postclosure care costs associated with it, currently estimated to be approximately \$20,000 each year for the next thirty years.

The Pocomoke landfill stopped accepting waste in 1990. The landfill has been capped and only has postclosure care cost associated with it, currently estimated to be approximately \$20,000 each year for the next thirty years.

The Snow Hill landfill stopped accepting waste in 1990. The landfill has been capped and only has postclosure care cost associated with it, currently estimated to be approximately \$20,000 each year for the next thirty years.

The County has reported \$2,800,000 as the landfill closure and postclosure care liability at June 30, 2009 in the long-term liabilities section of the Statement of Net Assets relating to the closed landfills and rubble fill, mentioned above (see also Note 6). Also, \$11,949,783 has been reported as the estimated landfill closure and postclosure care liability at June 30, 2009 in the Enterprise Fund relating to the Central County Landfill. Accrual of closure and postclosure care costs have been recognized based on estimated capacity used to date.

The Central Landfill Facility in Newark is the only active landfill in the County. The state-of-the art facility is situated on a 724.5 acre parcel located approximately 3.5 miles northeast of the Town of Snow Hill. The facility, which began operation in 1990, has a permitted life span of 40 years and includes eight landfill cells. As of June 30, 2009 the first three cells are full and cell #4 is at approximately 25% of its capacity. The County has received approval from the Maryland Department of the Environment to begin mining the existing cell #1 instead of closing or “capping” it in order to reclaim as much as 40% of the airspace for future use. If successful, the mining operation will likely continue to the other closed or “filled” cells in order to reclaim landfill capacity and extend the overall life of the facility.

Though there are currently no legal restrictions on available funds, the County has approximately \$8,706,000 of currently available assets for landfill closure and postclosure care costs available within the Landfill enterprise fund. The shortfalls may need to be covered by any combination of charges to future landfill users, future tax revenue, or additional borrowings.

The County has satisfied its financial assurance requirements based upon the local government financial ratio tests as of June 30, 2008. The County expects to satisfy these requirements as of June 30, 2009 using the same criteria.

Due to inflation and changes in technology, laws and regulations, estimated closure and postclosure care costs may change in the future.

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management

The County's risk financing techniques include participation in a public entity pool and the purchase of commercial insurance.

For general, property, excess and environmental liability coverage, the County is a member of the Maryland Local Government Insurance Trust (LGIT). This is a public entity risk pool, which is owned and directed by the local governments that subscribe to its coverages and operates under the terms of a Trust Agreement.

Subscribers to coverage by LGIT share in the risk among participants of the pools. As a result, the County's annual premium requirements are affected by the loss experience of the various insurance pools in which it participates. Conversely, favorable performance of certain insurance pools may result in reduced premiums.

The Primary Government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County carries commercial insurance for these and other risks of loss, including workers' compensation, employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance in the last three years.

Note 14. On-Behalf Payments

On-Behalf Payments for Fringe Benefits represents the pension contribution by the State of Maryland to the State Retirement System for applicable employees of the Library. The amount recognized as revenue and expenditures for the fiscal year ended June 30, 2009 was \$129,833 for the Library, which is included in miscellaneous revenue and libraries, recreation and culture expenditures, respectively.

Note 15. Component Units

A. The Board of Education of Worcester County

Cash and Short-Term Investments

At June 30, 2009, the Board of Education had deposits of \$6,105,297 (carrying value \$4,451,842), which were either fully insured or collateralized with securities held in the name of the Board of Education, with \$5,670,810 of the balance invested in an overnight investment account which was repurchased the following day.

NOTES TO FINANCIAL STATEMENTS

Note 15. Component Units (continued)

A. The Board of Education of Worcester County (continued)

Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Transfers and Reductions	Balance June 30, 2009
Governmental Activities:				
Nondepreciable Capital Assets:				
Land and improvements	\$ 1,886,779	\$ -	\$ -	\$ 1,886,779
Construction in progress	34,276,855	25,294,750	(38,900,514)	20,671,091
Total Nondepreciable Capital Assets	36,163,634	25,294,750	(38,900,514)	22,557,870
Depreciable Capital Assets:				
Building and building improvements	90,813,119	39,011,054	-	129,824,173
Machinery and equipment	1,709,137	1,377,093	(103,100)	2,983,130
Total Depreciable Assets	92,522,256	40,388,147	(103,100)	132,807,303
Less accumulated depreciation for:				
Buildings and building improvements	(30,720,833)	(2,729,568)	-	(33,450,401)
Machinery and equipment	(1,095,678)	(310,080)	102,734	(1,303,024)
Total accumulated depreciation	(31,816,511)	(3,039,648)	102,734	(34,753,425)
Total Depreciable Capital Assets, Net	60,705,745	37,348,499	(366)	98,053,878
Governmental Activities Capital Assets, Net	\$ 96,869,379	\$ 62,643,249	\$ (38,900,880)	\$ 120,611,748
Business-type Activities				
Depreciable Capital Assets:				
Machinery and equipment	\$ 275,958	\$ -	\$ (20,000)	\$ 255,958
Less accumulated depreciation for:				
Machinery and equipment	(162,680)	(17,775)	20,000	(160,455)
Total Depreciable Capital Assets, Net	113,278	(17,775)	-	95,503
Business-type Activities Capital Assets, Net	\$ 113,278	\$ (17,775)	\$ -	\$ 95,503

NOTES TO FINANCIAL STATEMENTS

Note 15. Component Units (continued)

A. The Board of Education of Worcester County (continued)

Long-Term Debt

The following is a summary of long-term debt transactions of the Board of Education for the year ended June 30, 2009:

Amounts payable at June 30, 2008	\$ 425,363
Increase in vested vacation benefits	21,752
Decrease in early retirement incentive payments	(27,090)
<hr/>	
Amounts payable at June 30, 2009	\$ 420,025

Post-Retirement Benefits

The Board currently funds 90% of the health care insurance for retirees who have accumulated the required number of years of service with the Board prior to their retirement. The Board received \$2,773,861 from the County to fund pay as you go post retirement health care benefits for the year ended June 30, 2009.

Commitments and Contingencies

The Board entered into a contract for the construction of the new Pocomoke High School. The contract is for \$34,684,444 of which \$19,592,472 was expended through June 30, 2009.

The Board receives a substantial amount of its support from Federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Board.

The Board is appealing a \$1,100,000 judgment awarded in 2008 to a contractor involved in the construction of the Ocean City Elementary School, which was completed several years ago. The appeal is scheduled for November 2009. The County has made a deposit at the clerks office as security for the judgment.

Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In July 1995, the Board joined the Maryland Association of Boards of Education Workers' Compensation Group Insurance Fund (the Fund), a public entity risk pool currently providing workers compensation coverage for participating boards of education in the State of Maryland. The Board pays an annual premium to the Fund calculated based on projected payroll. The agreement for the Fund provides that it will be self-sustaining through member premiums and will reinsure through commercial companies for claims which exceed coverage limits as specified in the agreement. Should the Fund encounter deficits in its casualty and/or property funds, an assessment may be made up from additional assessments of boards participating in the deficit Fund. The Board continues to carry commercial insurance for all other risks of loss, including general liability, employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance in the last three years.

NOTES TO FINANCIAL STATEMENTS

Note 15. Component Units (continued)

On-Behalf Payments

On-Behalf Payments for Fringe Benefits represents the pension contribution by the State of Maryland to the State Retirement System for applicable employees of the Board. The amount recognized as revenue and expenditures for the fiscal year ended June 30, 2009 was \$5,777,654 for the Board, which is included in intergovernmental revenue and education expenditures, respectively.

B. The Liquor Control Board of Worcester County

Cash and Short-Term Investments

At April 30, 2009, the Liquor Control Board of Worcester County had deposits of \$693,370 (carrying value \$567,480), which were either fully insured or collateralized with pledged securities held in the name of the Liquor Control Board at the Federal Reserve Bank of Richmond. In addition, there was \$5,400 in change funds.

Capital Assets

Capital asset activity for the year ended April 30, 2009, was as follows:

	Balance April 30, 2008	Additions	Transfers and Reductions	Balance April 30, 2009
Business-type Activities				
Nondepreciable Capital Assets:				
Land	\$ 212,158	\$ -	\$ -	\$ 212,158
Construction in progress	-	-	-	-
Total Nondepreciable Capital Assets	212,158	-	-	212,158
Depreciable Capital Assets:				
Buildings and building improvements	2,127,201	11,750	-	2,138,951
Machinery and equipment	411,120	50,004	(5,010)	456,114
Total Depreciable Assets	2,538,321	61,754	(5,010)	2,595,065
Less accumulated depreciation for:				
Buildings and building improvements	(205,607)	(98,927)	-	(304,534)
Machinery and equipment	(332,770)	(41,423)	5,010	(369,183)
Total accumulated depreciation	(538,377)	(140,350)	5,010	(673,717)
Total Depreciable Capital Assets, Net	1,999,944	(78,596)	-	1,921,348
Business-type Activities Capital Assets, Net	\$ 2,212,102	\$ (78,596)	\$ -	\$ 2,133,506

NOTES TO FINANCIAL STATEMENTS

Note 15. Component Units (continued)

Long-Term Debt

The following is a summary of long-term debt as of April 30, 2009:

	April 30, 2008	Additions	Reductions	April 30, 2009	Due in one year
Notes payable	\$ 1,026,368	\$ 567,000	\$ 621,178	\$ 972,190	\$ 54,403
Line of Credit	3,120,478	2,784,955	1,277,996	4,627,437	4,627,437
	<u>\$ 4,146,846</u>	<u>\$ 3,351,955</u>	<u>\$ 1,899,174</u>	<u>\$ 5,599,627</u>	<u>\$ 4,681,840</u>

REQUIRED SUPPLEMENTARY INFORMATION

WORCESTER COUNTY, MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2009

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES:				
Taxes	\$ 176,089,328	\$ 176,089,328	\$ 174,130,718	\$ (1,958,610)
Licenses and permits	2,000,725	2,000,725	1,668,670	(332,055)
Intergovernmental	3,766,217	3,766,217	4,675,875	909,658
Service charges and fees	2,977,950	2,977,950	3,145,711	167,761
Miscellaneous	3,192,700	3,192,700	2,472,484	(720,216)
Total revenues	188,026,920	188,026,920	186,093,458	(1,933,462)
EXPENDITURES:				
General government	18,052,085	18,369,085	17,722,246	646,839
Public safety	26,670,245	26,670,245	25,313,721	1,356,524
Public works	9,062,561	9,062,561	7,102,703	1,959,858
Health and hospitals	5,630,360	5,630,360	5,559,830	70,530
Social services	1,977,975	1,875,975	1,847,644	28,331
Education	90,371,403	90,371,403	90,252,207	119,196
Libraries, recreation and culture	6,445,476	6,445,476	6,422,489	22,987
Conservation of natural resources	973,598	973,598	858,559	115,039
Economic development	1,504,259	1,504,259	1,395,490	108,769
Intergovernmental	19,260,664	19,260,664	19,570,744	(310,080)
Total expenditures	179,948,626	180,163,626	176,045,633	4,117,993
Excess of revenues over expenditures	8,078,294	7,863,294	10,047,825	2,184,531
OTHER FINANCING SOURCES (USES):				
Fund balance appropriated	1,500,000	1,500,000	-	(1,500,000)
Operating transfers, net	(9,578,294)	(9,363,294)	(20,370,471)	(11,007,177)
Total other financing uses	(8,078,294)	(7,863,294)	(20,370,471)	(12,507,177)
Net Change in Fund Balance	\$ -	\$ -	(10,322,646)	<u>\$(10,322,646)</u>
Fund Balance, beginning			34,056,402	
Fund Balance, ending			<u>\$ 23,733,756</u>	

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Real and personal property:				
Real property:				
Full-year levy	\$ 137,564,307	\$ 137,564,307	\$ 137,987,631	\$ 423,324
Semi-year levy	525,000	525,000	235,665	(289,335)
Personal property	525,210	525,210	349,091	(176,119)
Corporations and utilities	4,810,302	4,810,302	5,375,437	565,135
Net additions and abatements	(358,200)	(358,200)	(578,691)	(220,491)
	143,066,619	143,066,619	143,369,133	302,514
Interest on delinquent taxes	450,000	450,000	834,015	384,015
Discounts allowed on taxes	(900,000)	(900,000)	(997,977)	(97,977)
Tax credits for assessment increase	(10,315,790)	(10,315,790)	(10,167,522)	148,268
Total real and personal property	132,300,829	132,300,829	133,037,649	736,820
Local income tax	13,500,000	13,500,000	13,062,134	(437,866)
Other local taxes:				
Room tax	11,250,000	11,250,000	11,589,393	339,393
Admission and amusement	560,000	560,000	606,615	46,615
Recordation	7,000,000	7,000,000	5,962,649	(1,037,351)
Trailer park excise tax	150,000	150,000	154,788	4,788
Transfer tax	3,500,000	3,500,000	2,843,502	(656,498)
Food tax	2,015,000	2,015,000	2,064,542	49,542
State shared:				
Highway user revenue	5,247,613	5,247,613	4,416,781	(830,832)
911 State fees	565,886	565,886	392,665	(173,221)
Total taxes	176,089,328	176,089,328	174,130,718	(1,958,610)

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL

GENERAL FUND

Year Ended June 30, 2009

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Licenses and permits:				
Business:				
Liquor licenses	\$ 675,000	\$ 675,000	\$ 660,056	\$ (14,944)
Vending machine licenses	125,000	125,000	122,425	(2,575)
Traders licenses	100,000	100,000	102,656	2,656
Occupational licenses	4,000	4,000	3,570	(430)
Bingo permits	15,000	15,000	15,178	178
Tourist and trailer park permits	10,000	10,000	12,268	2,268
Other:				
Building permits	350,000	350,000	187,683	(162,317)
Marriage licenses	26,000	26,000	24,940	(1,060)
Shoreline permits	30,000	30,000	13,300	(16,700)
Environmental permits	178,225	178,225	96,407	(81,818)
EDU transfer fee	-	-	600	600
Health permits	300,000	300,000	356,075	56,075
Raffle permits	2,500	2,500	2,747	247
Plumbing permits	130,000	130,000	47,235	(82,765)
Gas permits	45,000	45,000	9,095	(35,905)
Forest conservation fees	10,000	10,000	14,435	4,435
Total licenses and permits	2,000,725	2,000,725	1,668,670	(332,055)

Intergovernmental:

Federal grants:

Payments in lieu of taxes	10,000	10,000	24,138	14,138
COPS FAST	32,500	32,500	15,565	(16,935)
FEMA salary match	40,528	40,528	29,558	(10,970)
CDBG economic development grant	450,000	450,000	217,002	(232,998)
MD Coastal Bays	19,324	19,324	14,399	(4,925)
Coastal zone grant	-	-	27,538	27,538
Critical area grant	43,000	43,000	33,000	(10,000)
Bio-terrorism grant	456,416	456,416	456,867	451
State's attorney	-	-	32,813	32,813
Agricultural transfer tax	15,000	15,000	-	(15,000)

State grants:

Police protection	120,131	120,131	138,008	17,877
911 support	-	-	80,692	80,692
Child support enforcement	52,267	52,267	21,927	(30,340)
State park revenues	350,000	350,000	352,495	2,495
Open space	124,152	124,152	576,884	452,732

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2009
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Intergovernmental, continued:				
State grants, continued:				
Library aid	\$ 136,825	\$ 136,825	\$ 136,825	\$ -
Library grant	90,000	90,000	142,812	52,812
Johnsongrass control	2,500	2,500	-	(2,500)
Fire companies	259,571	259,571	263,631	4,060
Highway safety	64,000	64,000	136,980	72,980
Tourism	51,570	51,570	75,218	23,648
Septic system monitoring	17,100	17,100	17,070	(30)
Social services programs	237,483	237,483	237,141	(342)
Family support grant	208,998	208,998	228,471	19,473
FEMA Hurricane grant	1,000	1,000	1,200	200
Drug court coordinator	299,656	299,656	344,011	44,355
State's Attorney grant	-	-	39,911	39,911
State Aid for Highways	121,440	121,440	-	(121,440)
Sheriff's office grant	18,242	18,242	57,958	39,716
IOW Restoration grant	96,000	96,000	30,267	(65,733)
Public landings grant	256,000	256,000	248,558	(7,442)
ECD development grant	3,000	3,000	-	(3,000)
Water resources grant	3,332	3,332	337,607	334,275
Department of environment training	8,900	8,900	8,900	-
Other grants	177,282	177,282	348,429	171,147
Total intergovernmental	3,766,217	3,766,217	4,675,875	909,658
Service charges and fees:				
Liquor dispensary profits	400,000	400,000	168,625	(231,375)
Liquor advertising fees	1,500	1,500	2,100	600
Donation sponsorship program	6,150	6,150	1,012	(5,138)
Zoning fees	90,000	90,000	58,102	(31,898)
Sheriff fees	120,500	120,500	81,508	(38,992)
Sales of publications and copies	6,500	6,500	8,747	2,247
Library use charges	45,000	45,000	53,348	8,348
Animal shelter fees	8,000	8,000	6,945	(1,055)
Mosquito control charges	50,000	50,000	34,472	(15,528)

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2009
(Continued)

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Service charges and fees, continued:				
Recreation fees	\$ 291,400	\$ 291,400	\$ 275,531	\$ (15,869)
Tourism event fees	-	-	2,830	2,830
Vehicle tag fees	1,800	1,800	5,072	3,272
Critical area fees	40,000	40,000	23,079	(16,921)
Critical area fees in lieu of	5,000	5,000	5,447	447
Library special projects	9,000	9,000	-	(9,000)
Soil conservation fee	60,000	60,000	87,473	27,473
Circuit court bar library	5,000	5,000	3,940	(1,060)
Firearms training center fees	22,800	22,800	2,550	(20,250)
Payments for jail use	1,550,000	1,550,000	2,106,220	556,220
Fire inspection fees	100,000	100,000	78,372	(21,628)
Prosecution fees	-	-	450	450
Roads Department charges	25,000	25,000	23,827	(1,173)
Family service fees	1,500	1,500	5,425	3,925
Shared facility service area fee	3,500	3,500	-	(3,500)
Community service fees	100,000	100,000	84,456	(15,544)
Housing program fees	12,500	12,500	3,789	(8,711)
Franchise fees	22,800	22,800	22,391	(409)
Total service charges and fees	2,977,950	2,977,950	3,145,711	167,761
Miscellaneous:				
Court fines	74,000	74,000	75,046	1,046
Civil infraction fines	3,550	3,550	4,606	1,056
Retiree drug subsidy	250,000	250,000	292,898	42,898
Interest on investments	2,750,000	2,750,000	1,505,668	(1,244,332)
Rent revenue	80,150	80,150	90,951	10,801
Sale of fixed assets	10,000	10,000	68,033	58,033
Miscellaneous	25,000	25,000	435,282	410,282
Total miscellaneous	3,192,700	3,192,700	2,472,484	(720,216)
Other financing sources:				
Fund Balance from prior year surplus	1,500,000	1,500,000	-	(1,500,000)
Total other financing sources	1,500,000	1,500,000	-	(1,500,000)
Total revenues	\$ 189,526,920	\$ 189,526,920	\$ 186,093,458	\$ (3,433,462)

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2009
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
General government:				
County Commissioners' office:				
Salaries	\$ 867,323	\$ 867,323	\$ 867,322	\$ 1
Benefits	553,684	553,684	509,483	44,201
Administrative	54,125	54,125	38,978	15,147
Consulting services	5,000	5,000	(3,440)	8,440
Training and travel	50,000	50,000	24,243	25,757
Legal	(26,000)	(26,000)	70	(26,070)
Advertisements	33,280	33,280	15,039	18,241
Vehicle operations	8,000	8,000	5,518	2,482
Other supplies and equipment	4,100	4,100	4,641	(541)
Enterprise fund credits	(63,864)	(63,864)	(63,864)	-
	1,485,648	1,485,648	1,397,990	87,658
Circuit Court:				
Salaries	854,573	854,573	826,390	28,183
Benefits	527,552	527,552	485,437	42,115
Administrative	55,470	48,651	41,513	7,138
Training and travel	17,500	17,500	9,527	7,973
Legal	18,000	18,000	1,690	16,310
Jury	50,000	50,000	40,690	9,310
Court library	2,000	2,000	2,000	-
Court reporters	20,000	20,000	6,625	13,375
Consulting services	5,000	5,000	2,390	2,610
Family support services	101,226	101,226	136,056	(34,830)
Grant services	-	-	158,205	(158,205)
Drug treatment court program	186,190	186,190	225,714	(39,524)
Other supplies and equipment	15,685	22,504	22,504	-
	1,853,196	1,853,196	1,958,741	(105,545)
Orphans' Court:				
Salaries	15,000	15,005	15,003	2
Benefits	9,578	9,578	8,813	765
Administrative	700	695	688	7
Training and travel	9,359	9,359	4,800	4,559
	34,637	34,637	29,304	5,333

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2009
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General government, continued:				
State's Attorney's office:				
Salaries	\$ 1,180,079	\$ 1,180,079	\$ 1,222,820	\$ (42,741)
Benefits	814,462	814,462	749,441	65,021
Overtime pay	46,000	46,000	45,558	442
Administrative	39,278	45,178	45,153	25
Training and travel	6,000	6,000	9,335	(3,335)
Vehicle operations	15,800	15,800	15,945	(145)
Other supplies and equipment	33,675	33,675	34,177	(502)
Ocean City office rent	21,100	21,100	21,961	(861)
Grant services	-	-	12,221	(12,221)
Prosecution	21,850	15,950	15,051	899
	2,178,244	2,178,244	2,171,662	6,582
Treasurer's office:				
Salaries	1,485,519	1,485,519	1,439,450	46,069
Overtime pay	6,960	6,960	3,371	3,589
Benefits	918,920	918,920	845,560	73,360
Administrative	68,650	68,650	53,400	15,250
Vehicle operating expense	1,500	1,500	587	913
Training and travel	20,000	20,000	14,477	5,523
Consulting services	5,000	5,000	-	5,000
Other supplies and equipment	12,400	12,400	16,117	(3,717)
Tax bills	24,000	24,000	27,601	(3,601)
Credits for support	(372,041)	(372,041)	(365,441)	(6,600)
	2,170,908	2,170,908	2,035,122	135,786
Elections office:				
Salaries	7,800	7,800	7,800	-
State employees' salaries	315,623	315,623	298,194	17,429
Benefits	4,979	4,979	4,582	397
Administrative	36,950	36,950	20,722	16,228
Consulting services	22,000	22,000	16,372	5,628
Training and travel	16,906	16,906	8,371	8,535
Other supplies and equipment	17,003	17,003	12,061	4,942
New equipment	110,463	110,463	99,869	10,594
Voting machines and poll expenses	186,491	186,491	99,905	86,586
Building and property	34,605	34,605	29,109	5,496
	752,820	752,820	596,985	155,835

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2009
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General government, continued:				
Human resources:				
Salaries	\$ 330,354	\$ 330,354	\$ 317,880	\$ 12,474
Benefits	202,929	202,929	186,728	16,201
Administrative	10,600	10,600	5,855	4,745
Legal	1,520	1,520	-	1,520
Training and travel	3,000	3,000	1,051	1,949
Consulting services	21,500	21,500	10,475	11,025
Vehicle operating expenses	8,100	8,100	6,220	1,880
Other supplies and equipment	6,100	6,100	4,862	1,238
Volunteer services	14,100	14,100	11,803	2,297
Enterprise fund credits	(62,577)	(62,577)	(62,577)	-
	535,626	535,626	482,297	53,329
Planning and permits:				
Salaries	1,804,812	1,804,812	1,798,791	6,021
Benefits	1,148,317	1,148,317	1,056,644	91,673
Administrative	53,900	53,900	50,989	2,911
Training and travel	54,600	54,600	21,396	33,204
Advertisements	18,430	18,430	14,572	3,858
Legal	54,975	54,975	30,904	24,071
Consulting services	57,000	57,000	83,099	(26,099)
Vehicle operating expenses	24,000	24,000	18,024	5,976
Other supplies and equipment	10,800	10,800	6,984	3,816
Enterprise fund credits	(19,484)	(19,484)	(19,518)	34
	3,207,350	3,207,350	3,061,885	145,465
Comprehensive planning:				
Salaries	400,771	400,771	319,074	81,697
Benefits	203,691	203,691	187,430	16,261
Administrative	18,500	18,500	12,896	5,604
Training and travel	17,400	14,750	4,072	10,678
Legal	1,750	4,400	4,040	360
Consulting services	-	-	4,309	(4,309)
Grant services	136,000	136,000	32,315	103,685
Vehicle operating expenses	2,350	2,350	1,663	687
Other supplies and equipment	68,000	68,000	52,140	15,860
	848,462	848,462	617,939	230,523

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL

GENERAL FUND

Year Ended June 30, 2009

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
General government, continued:				
Environmental programs:				
Salaries	\$ 752,584	\$ 752,584	\$ 743,718	\$ 8,866
Benefits	474,777	474,777	436,874	37,903
Administrative	39,616	39,616	23,167	16,449
Training and travel	5,000	5,000	2,752	2,248
Legal	1,500	1,500	328	1,172
Vehicle operating expenses	24,115	24,115	16,744	7,371
Other supplies and equipment	26,348	26,348	12,603	13,745
Grant services	1,000	1,000	334,275	(333,275)
Fund credits	(32,046)	(32,046)	(32,046)	-
	1,292,894	1,292,894	1,538,415	(245,521)
Other general government:				
Independent audit	50,000	51,200	51,190	10
Tri-County Council	15,000	15,000	15,000	-
Tri-County Council - Shore transit funding	282,000	282,000	282,000	-
Courthouse expenses	463,935	463,935	601,364	(137,429)
Isle of Wight building expenses	62,240	62,240	45,933	16,307
Courthouse improvements	206,420	206,420	257,628	(51,208)
Association of counties	49,812	49,812	16,402	33,410
Training and travel	19,200	18,000	15,047	2,953
Computer services	380,168	380,168	390,832	(10,664)
Photocopies	800	800	800	-
Postage	132,335	132,335	127,254	5,081
Briddletown water project	22,000	22,000	22,000	-
Other grants to Towns	450,000	450,000	450,000	-
Towns share county liquor fees	303,000	303,000	315,376	(12,376)
Property-liability insurance	520,000	520,000	394,126	125,874
Miscellaneous and contingency	79,400	79,400	115,127	(35,727)
Other supplies and equipment	100,000	100,000	84,420	15,580
New equipment	424,490	526,490	254,394	272,096
Emergency preparedness	126,500	126,500	226,484	(99,984)
Lower shore broadband cooperative	-	215,000	164,369	50,631
Courier service	5,000	5,000	2,160	2,840
	3,692,300	4,009,300	3,831,906	177,394
Total general government	18,052,085	18,369,085	17,722,246	646,839

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL

GENERAL FUND

Year Ended June 30, 2009

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Public safety:				
Sheriff's office:				
Salaries	4,237,320	4,193,988	3,778,044	415,944
Overtime pay	179,000	213,195	213,195	-
Benefits	2,411,837	2,411,837	2,219,294	192,543
Administrative	42,000	51,137	51,790	(653)
Training and travel	75,635	75,635	66,958	8,677
Consulting	3,200	3,486	3,486	-
Vehicle operating expenses	281,000	281,000	245,300	35,700
Radio	29,200	28,914	22,768	6,146
Uniforms and personal equipment	94,600	94,600	85,585	9,015
Other supplies and equipment	110,630	110,630	103,000	7,630
New equipment	245,120	245,120	279,215	(34,095)
Veterinary services	5,100	5,100	795	4,305
Building and property	52,830	52,830	41,562	11,268
Equipment maintenance	65,627	65,627	59,047	6,580
Firearms training center	13,000	13,000	8,025	4,975
	7,846,099	7,846,099	7,178,064	668,035
Emergency services:				
Salaries	1,220,075	1,208,188	1,128,084	80,104
Overtime pay	25,000	36,887	36,887	-
Benefits	720,149	720,149	662,658	57,491
Administrative	39,739	39,739	38,417	1,322
Equipment maintenance	82,905	82,905	79,520	3,385
Training and travel	14,000	12,065	10,379	1,686
Vehicle operating expenses	9,500	11,435	11,433	2
Radio supplies	10,000	10,000	-	10,000
Radio expenses	296,100	296,100	245,536	50,564
Other supplies and equipment	538,416	538,416	525,802	12,614
New equipment	-	-	19,420	(19,420)
Transmitter sites	104,700	104,700	125,122	(20,422)
911 equipment charges	146,000	146,000	116,625	29,375
	3,206,584	3,206,584	2,999,883	206,701

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL

GENERAL FUND

Year Ended June 30, 2009

(Continued)

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Public safety, continued:				
Jail:				
Salaries	\$ 4,418,272	\$ 4,418,272	\$ 4,417,046	\$ 1,226
Overtime pay	25,000	25,000	3,571	21,429
Benefits	2,819,765	2,819,765	2,594,655	225,110
Administrative	27,900	27,900	24,768	3,132
Consulting services	1,600	1,600	325	1,275
Equipment maintenance	-	-	16,366	(16,366)
Training and travel	13,850	13,850	13,056	794
Vehicle operating expenses	18,500	18,500	10,643	7,857
Uniforms and personal equipment	51,400	51,400	44,233	7,167
Other supplies and equipment	39,700	39,700	15,716	23,984
New equipment	-	-	12,238	(12,238)
Maintenance and utilities	532,000	532,000	493,933	38,067
Medical services	384,000	384,000	299,083	84,917
Food services	542,000	542,000	557,323	(15,323)
Inmate supplies and services	34,000	34,000	17,961	16,039
	8,907,987	8,907,987	8,520,917	387,070
Fire Marshall:				
Salaries	325,796	325,796	325,920	(124)
Overtime pay	12,500	12,500	12,193	307
Benefits	208,062	208,062	191,452	16,610
Administrative	13,655	13,655	12,764	891
Equipment maintenance	5,600	5,600	3,383	2,217
Training and travel	11,465	11,465	2,124	9,341
Consulting services	1,100	1,100	121	979
Vehicle operating expenses	18,000	18,000	18,344	(344)
Uniforms and personal equipment	7,400	7,400	5,139	2,261
Other supplies and equipment	24,975	24,975	10,152	14,823
Safety program	61,360	61,360	20,489	40,871
	689,913	689,913	602,081	87,832

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL

GENERAL FUND

Year Ended June 30, 2009

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public safety, continued:				
Volunteer fire departments:				
County grant to fire companies	\$ 2,584,405	\$ 2,584,405	\$ 2,584,405	\$ -
Fireman's Training Center	22,665	22,665	18,379	4,286
State grant for fire companies	259,571	259,571	263,631	(4,060)
County grant to ambulance companies	3,027,621	3,027,621	3,027,761	(140)
LOSAP appropriation	125,400	125,400	118,600	6,800
	6,019,662	6,019,662	6,012,776	6,886
Total public safety	26,670,245	26,670,245	25,313,721	1,356,524
Public works:				
Maintenance:				
Salaries	869,332	869,332	862,976	6,356
Overtime pay	6,500	6,500	5,773	727
Benefits	550,908	550,908	506,928	43,980
Administrative	10,600	10,600	6,477	4,123
Training and travel	2,710	2,710	1,149	1,561
Vehicle operating expenses	52,350	52,350	42,369	9,981
Uniforms and personal equipment	14,160	14,160	11,848	2,312
Safety program	5,950	5,950	1,042	4,908
Other supplies and equipment	24,175	22,535	13,958	8,577
New equipment	79,000	79,000	-	79,000
Building expenses	19,205	20,845	20,844	1
	1,634,890	1,634,890	1,473,364	161,526
Roads department:				
Salaries	1,746,831	1,746,831	1,692,242	54,589
Overtime pay	20,000	20,000	4,139	15,861
Benefits	1,080,298	1,080,298	994,055	86,243
Administrative	16,380	16,582	16,581	1
Training and travel	2,500	2,500	1,125	1,375
Consulting services	3,500	8,650	8,648	2
Vehicle and equipment operating expenses	367,000	365,260	328,026	37,234
Radio expenses	34,000	31,503	30,945	558
Uniforms and personal equipment	18,410	11,260	11,050	210
Other supplies and equipment	54,300	54,300	31,846	22,454
New equipment	566,248	566,248	-	566,248

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL

GENERAL FUND

Year Ended June 30, 2009

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Public works, continued:				
Roads department continued:				
Building and property	\$ 66,100	\$ 66,100	\$ 48,928	\$ 17,172
Road maintenance materials	1,579,137	1,579,137	786,778	792,359
Special road construction	30,000	30,000	-	30,000
Street lighting	67,000	73,035	73,034	1
Signs, signals and stripping	64,800	64,800	39,075	25,725
Ocean Pines road maintenance	778,947	778,947	688,628	90,319
State aid road construction projects	8,050	8,050	3,909	4,141
Interfund charges	(29,150)	(29,150)	(29,150)	-
	6,474,351	6,474,351	4,729,859	1,744,492
Other public works:				
Salaries	549,844	549,844	560,396	(10,552)
Benefits	357,747	357,747	329,187	28,560
Administrative	14,600	14,600	5,914	8,686
Training and travel	4,200	4,200	2,952	1,248
Consulting services	230,000	230,000	217,779	12,221
Central vehicle service	(7,894)	(7,894)	1,124	(9,018)
Building and property	10,000	10,000	9,358	642
New equipment	24,000	24,000	20,451	3,549
Central gas facility	34,000	34,000	25,912	8,088
Safety program	2,025	2,025	9	2,016
Supplies and equipment	13,900	13,900	6,499	7,401
Enterprise fund credits	(279,102)	(279,102)	(280,101)	999
	953,320	953,320	899,480	53,840
Total public works	9,062,561	9,062,561	7,102,703	1,959,858
Health and hospitals:				
Health department:				
Health clinic's building expenses	385,150	391,654	373,654	18,000
Other non-matching expenses	43,568	20,474	20,474	-
Matching appropriation	4,087,017	4,103,607	4,161,564	(57,957)
	4,515,735	4,515,735	4,555,692	(39,957)

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2009
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Health and hospitals, continued:				
Mosquito control:				
Salaries	\$ 30,921	\$ 30,921	\$ 30,922	\$ (1)
Benefits	19,740	19,740	18,164	1,576
Administrative	1,500	1,500	2,519	(1,019)
Vehicle operations	10,500	10,500	17,755	(7,255)
New equipment	-	-	-	-
Building and property expenses	2,380	2,380	913	1,467
Uniforms and personal equipment	-	-	85	(85)
Appropriation for spraying	139,084	139,084	81,206	57,878
	204,125	204,125	151,564	52,561
Other health and hospitals:				
Drug Abuse Task Force	10,000	10,000	10,000	-
Atlantic General Hospital	250,000	250,000	250,000	-
Worcester Development Center	573,000	573,000	442,126	130,874
Worcester County Commission for Women	1,000	1,000	1,000	-
Hartley Hall	12,500	12,500	12,500	-
Highway Safety Program	64,000	64,000	136,948	(72,948)
	910,500	910,500	852,574	57,926
Total health and hospitals	5,630,360	5,630,360	5,559,830	70,530
Social services:				
Commission on Aging:				
Senior center building expenses	233,700	233,700	222,538	11,162
Appropriation for Commission on Aging	686,032	686,032	672,311	13,721
New equipment	102,000	-	-	-
Senior Transportation	169,193	169,193	165,809	3,384
	1,190,925	1,088,925	1,060,658	28,267

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2009
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Social services, continued:				
Other social services:				
Salaries	\$ 168,595	\$ 168,595	\$ 168,353	\$ 242
Benefits	107,473	107,473	98,893	8,580
Administrative	27,325	43,625	48,479	(4,854)
Maryland Food Bank	1,000	1,000	1,000	-
Life Crisis Center	9,000	9,000	9,000	-
Youth and Family counseling	101,900	101,900	101,900	-
Diakonia	65,557	51,957	55,861	(3,904)
Samaritan shelter	12,200	9,500	9,500	-
Save the Youth programs	20,000	20,000	20,000	-
Shore Up!, Inc. programs	-	-	-	-
Oasis Ministries, Inc.	10,000	10,000	10,000	-
Habitat for Humanity	-	-	-	-
Wor-Wic grant	250,000	250,000	250,000	-
BRAVE program	4,000	4,000	4,000	-
Worcester County G.O.L.D.	10,000	10,000	10,000	-
	787,050	787,050	786,986	64
Total social services	1,977,975	1,875,975	1,847,644	28,331
Education:				
Board of Education:				
Retirement	387,386	387,386	346,687	40,699
Post retirement benefits	12,527,529	12,527,529	12,527,529	-
Retirees hospitalization insurance	2,773,861	2,773,861	2,773,861	-
School building improvements	400,000	400,000	400,000	-
School building construction	150,000	150,000	110,540	39,460
Operating appropriations	71,814,611	71,814,611	71,814,611	-
Technology program	400,000	400,000	400,000	-
	88,453,387	88,453,387	88,373,228	80,159
WOR-WIC Community College:				
Operating appropriation	1,789,276	1,789,276	1,789,276	-
Campus development	128,740	128,740	89,703	39,037
	1,918,016	1,918,016	1,878,979	39,037
Total education	90,371,403	90,371,403	90,252,207	119,196

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2009

(Continued)

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Libraries, recreation, parks and culture:				
Recreation department:				
Salaries	\$ 689,923	\$ 689,923	\$ 651,460	\$ 38,463
Benefits	415,463	415,463	382,295	33,168
Administrative	19,706	19,706	18,324	1,382
Training and travel	9,220	9,220	6,523	2,697
Vehicle and equipment operating	4,650	4,650	3,194	1,456
Uniforms and personal equipment	2,616	2,616	2,286	330
Other supplies and equipment	59,900	59,900	69,426	(9,526)
Park expenses	145,000	155,000	139,465	15,535
Recreation program	309,000	299,000	231,389	67,611
	1,655,478	1,655,478	1,504,362	151,116
Parks department:				
Salaries	298,617	298,617	263,860	34,757
Overtime pay	1,500	1,500	236	1,264
Benefits	168,443	168,443	154,996	13,447
Administrative	8,194	8,194	5,080	3,114
Training and travel	5,680	5,680	3,869	1,811
Vehicle and equipment operating	30,300	30,300	24,817	5,483
Uniforms	2,064	2,064	2,014	50
Other supplies and equipment	29,600	29,600	21,842	7,758
New equipment	15,500	15,500	15,760	(260)
Park expenses	111,800	111,800	91,495	20,305
Park improvements	137,947	137,947	529,330	(391,383)
	809,645	809,645	1,113,299	(303,654)
Boat Landings:				
Landing expenses	28,250	28,250	22,167	6,083
Landing improvements	256,000	256,000	47,598	208,402
	284,250	284,250	69,765	214,485

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL

GENERAL FUND

Year Ended June 30, 2009

(Continued)

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Libraries, recreation, parks and culture, continued:				
Library:				
Salaries	\$ 1,577,287	\$ 1,577,287	\$ 1,588,939	\$ (11,652)
Overtime pay	3,000	3,000	1,728	1,272
Benefits	1,014,351	1,014,351	933,373	80,978
Administrative	156,700	131,489	131,526	(37)
Training and travel	14,000	8,238	8,238	-
Other supplies and equipment	49,000	41,618	36,121	5,497
New equipment	30,000	30,000	1,919	28,081
Special projects	8,000	8,000	6,057	1,943
Maintenance and utilities	249,765	280,543	301,573	(21,030)
Books	333,000	340,577	340,744	(167)
Grant services	91,000	91,000	85,012	5,988
On-behalf payments	-	-	129,833	(129,833)
	3,526,103	3,526,103	3,565,063	(38,960)
Other recreation and culture:				
Salvation Army youth recreation	10,000	10,000	10,000	-
Worcester County Art Council	5,000	5,000	5,000	-
Rackliffe House Trust	50,000	50,000	50,000	-
Germantown School	50,000	50,000	50,000	-
Museum of Maryland history	500	500	500	-
Calvin B. Taylor house	3,000	3,000	3,000	-
OC chamber of commerce	25,000	25,000	25,000	-
Julia Purnell museum	4,000	4,000	4,000	-
Costen house	4,000	4,000	4,000	-
Veteran's Memorial in Ocean Pines	1,000	1,000	1,000	-
Ocean City Lifesaving museum	4,000	4,000	4,000	-
Queponco Rail Station	2,500	2,500	2,500	-
Sturgis One-Room Schoolhouse	3,000	3,000	3,000	-
Girdletree Foundation	4,000	4,000	4,000	-
Mid-Atlantic symphony orchestra	4,000	4,000	4,000	-
	170,000	170,000	170,000	-
Total libraries, recreation, parks and culture	6,445,476	6,445,476	6,422,489	22,987

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2009

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Conservation of natural resources:				
Extension service:				
Salaries	\$ 13,401	\$ 13,401	\$ -	\$ 13,401
Administrative	16,500	16,500	12,226	4,274
Other supplies and equipment	16,863	16,863	15,641	1,222
Office rent and utilities	21,470	21,470	20,987	483
Operating appropriation	134,881	134,881	134,880	1
Johnsongrass control program	2,850	2,850	-	2,850
	205,965	205,965	183,734	22,231
Other natural resources:				
Gypsy moth control	5,000	5,000	875	4,125
Soil Conservation District	35,633	35,633	35,633	-
Forest Conservancy Board	2,000	2,000	2,000	-
Conservation Easements	225,000	225,000	310,880	(85,880)
Beach maintenance	500,000	500,000	325,437	174,563
	767,633	767,633	674,825	92,808
Total conservation of natural resources	973,598	973,598	858,559	115,039
Economic development:				
Economic development department:				
Salaries	111,058	111,058	111,058	-
Benefits	70,897	70,897	65,237	5,660
Administrative	9,200	10,397	10,438	(41)
Training and travel	9,600	10,183	11,146	(963)
Advertisements	1,000	600	600	-
Vehicle operating expenses	1,500	5,285	5,285	-
Other supplies and equipment	3,000	665	665	-
Consulting services	25,000	23,133	23,133	-
Economic/industrial development	400,000	399,037	207,599	191,438
Home innovation	22,500	22,500	24,930	(2,430)
Housing rehabilitation program	210,300	210,300	276,572	(66,272)
	864,055	864,055	736,663	127,392

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2009

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Economic development (continued):				
Tourism:				
Salaries	\$ 121,090	\$ 121,090	\$ 121,090	\$ -
Benefits	77,301	77,301	71,130	6,171
Administrative	8,200	8,200	7,816	384
Training and travel	4,050	4,050	7,023	(2,973)
Legal	201,570	201,570	247,625	(46,055)
Vehicle operating expenses	1,700	1,700	1,956	(256)
Other supplies and equipment	121,854	121,854	100,749	21,105
Furnace Town, Inc.	58,912	58,912	58,912	-
Snow Hill Alliance Response Program	22,526	22,526	22,526	-
Lower Eastern Shore Heritage	10,000	10,000	10,000	-
Delmarva Low-Impact Tourism	10,000	10,000	10,000	-
Economic/Industrial development program	3,000	3,000	-	3,000
	640,203	640,203	658,827	(18,624)
Total economic development	1,504,259	1,504,259	1,395,490	108,769
Intergovernmental:				
Towns share county room tax	10,867,500	10,867,500	11,152,300	(284,800)
Towns share county bingo fees	2,000	2,000	2,281	(281)
Towns share county income tax	1,439,100	1,439,100	1,408,844	30,256
Towns share county food tax	1,915,000	1,915,000	1,961,315	(46,315)
Grants to towns for police	60,064	60,064	69,004	(8,940)
Grants to towns for fire	562,000	562,000	562,000	-
Grants to towns for tourism	365,000	365,000	365,000	-
Other grants to towns	4,050,000	4,050,000	4,050,000	-
Total intergovernmental	19,260,664	19,260,664	19,570,744	(310,080)
Total expenditures	179,948,626	180,163,626	176,045,633	4,117,993
Excess of revenues over expenditures	9,578,294	9,363,294	10,047,825	684,531

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND

Year Ended June 30, 2009
(Continued)

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
OTHER FINANCING USES:				
Transfer to Worcester County Debt Service Fund	\$ 7,774,095	\$ 7,774,095	\$ 8,327,385	\$ (553,290)
Transfer to Reserve Fund	1,104,199	1,104,199	1,104,199	-
Transfer to Critical Areas Fund	-	-	81,154	(81,154)
Transfer to Worcester County Capital Projects Fund	700,000	485,000	10,857,733	(10,372,733)
Total other financing uses	9,578,294	9,363,294	20,370,471	(11,007,177)
Net change in fund balance	\$ -	\$ -	(10,322,646)	\$ (10,322,646)
Fund balance, beginning			34,056,402	
Fund balance, ending			\$ 23,733,756	

WORCESTER COUNTY, MARYLAND

OTHER POST-EMPLOYMENT BENEFITS TRUST

June 30, 2009

Schedule of Funding Progress

Entity	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
County	July 1, 2008	\$26,357,428	\$ 36,710,468	71.80%	\$ 10,353,040	\$28,436,090	36.41%
Board of Education	July 1, 2008	\$26,357,428	\$105,100,000	25.08%	\$ 78,742,572	\$64,512,561	122.06%
Liquor Control Board	July 1, 2008	\$ 988,000	\$ 1,591,000	62.10%	\$ 603,000	\$ 108,000	558.33%

Schedule of Employer Contributions

Entity	Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Asset) Obligation
County	2009	\$ 2,862,792	955%	\$(24,483,919)
Board of Education	2009	\$ 12,499,017	235%	\$(16,862,411)
Liquor Control Board	2009	\$ 103,000	0%	\$ 103,000

WORCESTER COUNTY, MARYLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgetary Basis

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered part of the basic financial statements. Such information includes budgetary comparison schedules for the general fund. The budgetary information is prepared and adopted on a basis that is consistent with generally accepted accounting principles.

Note 2. Excess of Expenditures Over Appropriations

The following fund had an excess of expenditures, including other financing sources, over appropriations for the year ended June 30, 2009:

Fund	Budgeted Expenditures	Actual Expenditures	Excess of Actual Over Budgeted Expenditures
General	\$ 189,526,920	\$ 196,416,104	\$ 6,889,184

Funds to provide for the excess expenditures were made available from unbudgeted revenues and from prior years fund balance.

ADDITIONAL SUPPLEMENTARY INFORMATION

WORCESTER COUNTY, MARYLAND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2009

	Department of Social Services <u>Fund</u>	Local Management <u>Board</u>	Energy Service <u>Fund</u>	<u>Total</u>
ASSETS				
Assets:				
Cash and short-term investments	\$ 54,208	\$ 549,463	\$ -	\$ 603,671
Accounts receivable	-	235,573	-	235,573
Due from other funds	-	-	698,714	698,714
Total assets	\$ 54,208	\$ 785,036	\$ 698,714	\$ 1,537,958
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 601,994	\$ -	\$ 601,994
Deferred revenue	-	203,293	-	203,293
Total liabilities	-	805,287	-	805,287
Fund balances:				
Reserved for fund purposes	54,208	(20,251)	698,714	732,671
Total liabilities and fund balances	\$ 54,208	\$ 785,036	\$ 698,714	\$ 1,537,958

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2009

	Department of Social Services <u>Fund</u>	Local Management Board <u>Board</u>	Energy Service Fund <u>Fund</u>	<u>Total</u>
REVENUES:				
Intergovernmental	\$ 126,978	\$ 1,284,878	\$ -	\$ 1,411,856
Interest income	-	2,294	-	2,294
Total revenues	126,978	1,287,172	-	1,414,150
EXPENDITURES:				
Social services	109,964	1,287,172	45,588	1,442,724
Total expenditures	109,964	1,287,172	45,588	1,442,724
Excess (deficiency) of revenues over expenditures	17,014	-	(45,588)	(28,574)
Fund balances, beginning	37,194	(20,251)	744,302	761,245
Fund balances, ending	\$ 54,208	\$ (20,251)	\$ 698,714	\$ 732,671

WORCESTER COUNTY, MARYLAND

BALANCE SHEET

LOCAL MANAGEMENT BOARD- NONMAJOR GOVERNMENTAL FUND

June 30, 2009

ASSETS

Cash	\$ 549,463
Accounts receivable	235,573
<hr/>	
Total assets	\$ 785,036

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 601,994
Deferred revenue	203,293
<hr/>	
Total liabilities	805,287
<hr/>	
Fund balance	(20,251)
<hr/>	
Total liabilities and fund balance	\$ 785,036

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

LOCAL MANAGEMENT BOARD- NONMAJOR GOVERNMENTAL FUND

Year Ended June 30, 2009

REVENUES:

Administrative grant	\$ 258,278
Community partnership grant	450,960
Category 1 - resource development	61,952
Category 2 - sex offender evaluation	43,950
Crime scene investigations	50,000
Cultural diversity	1,860
Local coordinating council grant	68,643
Rehabilitation options	200,000
Systems of care grant	110,879
Youth strategies grant - CMCA	38,356

Total revenues	1,284,878
-----------------------	------------------

EXPENDITURES:

Administrative:	
Salaries and benefits	199,520
Administrative/fiscal support	4,500
Training, travel and support	18,168
Consultant	4,600
Rent	9,600
Supplies and equipment	13,492
Miscellaneous	8,397
Community partnership grant	450,960
Local coordinating council grant	50,000
Direct program grant	487,281
Youth strategies grant	38,356
Other grants	2,298

Total expenditures	1,287,172
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Deficiency of revenues over expenditures	(2,294)
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OTHER FINANCING SOURCES:

Interest income	2,294
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Deficiency of revenues over expenditures and other financing sources	-
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Fund balance, beginning	(20,251)
-------------------------	----------

Fund balance, ending	\$ (20,251)
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WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF FUND NET ASSETS - OPERATING FUNDS

DEPARTMENT OF WATER AND WASTEWATER SERVICES

June 30, 2009

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Newark Service <u>Area</u>	Briddletown Service <u>Area</u>	Shared Facilities	Edgewater Acres <u>S.A.</u>
ASSETS						
<u>Current assets</u>						
Cash and short-term investments	\$ 313,615	\$ (128,200)	\$ 59,586	\$ 35,162	\$ 29,930	\$ (44,012)
Accounts receivable - usage billings	325,540	1,249,766	19,352	3,400	(241)	44,989
Total current assets	639,155	1,121,566	78,938	38,562	29,689	977
<u>Capital assets</u>						
Land and land rights	47,037	63,319	4,527	-	-	-
Water and sewer systems	10,222,739	36,448,953	664,945	300,620	-	94,806
Machinery and equipment	-	3,978,413	-	-	-	81,156
Construction in progress	342,218	31,597	-	-	-	-
	10,611,994	40,522,282	669,472	300,620	-	175,962
Less accumulated depreciation	(5,876,920)	(13,383,572)	(470,533)	(158,007)	-	(86,402)
	4,735,074	27,138,710	198,939	142,613	-	89,560
Total assets	5,374,229	28,260,276	277,877	181,175	29,689	90,537
LIABILITIES						
<u>Current liabilities</u>						
Accounts payable and accrued expenses	10,270	254,271	4,107	2,353	2,496	10,520
Due to state	49,469	-	1,884	749	-	-
Due to other funds	2,743	171,158	1,039	-	-	225
Capital lease payable - current	-	-	-	-	-	-
Interfund payable	177,367	2,284,512	18,584	-	-	-
Total current liabilities	239,849	2,709,941	25,614	3,102	2,496	10,745
NET ASSETS						
Unrestricted net assets	\$ 5,134,380	\$ 25,550,335	\$ 252,263	\$ 178,073	\$ 27,193	\$ 79,792

Assateague Point <u>S.A.</u>	River Run <u>S.A.</u>	Mystic Harbour <u>S.A.</u>	Lighthouse Sound <u>S.A.</u>	Riddle Farm <u>S.A.</u>	The Landings <u>S.A.</u>	Support Groups	<u>Total</u>
\$ (33,838)	\$ 172,216	\$ (129,736)	\$ 10,441	\$ 112,222	\$ (224,930)	\$ 73,686	\$ 246,142
41,811	27,688	210,813	24,651	60,770	61,860	-	2,070,399
7,973	199,904	81,077	35,092	172,992	(163,070)	73,686	2,316,541
-	-	-	-	-	-	-	114,883
1,084,101	-	536,529	-	18,490,395	8,983,508	-	76,826,596
-	108,106	554,206	-	-	-	674,055	5,395,936
-	-	278,941	-	-	-	-	652,756
1,084,101	108,106	1,369,676	-	18,490,395	8,983,508	674,055	82,990,171
(144,547)	(56,211)	(472,180)	-	(1,386,780)	(449,175)	(267,002)	(22,751,329)
939,554	51,895	897,496	-	17,103,615	8,534,333	407,053	60,238,842
947,527	251,799	978,573	35,092	17,276,607	8,371,263	480,739	62,555,383
4,200	925	33,266	1,818	4,601	9,273	4,305	342,405
8,339	2,768	15,233	1,465	4,875	1,622	-	86,404
-	-	216,308	1,817	15,521	2,053	104,748	515,612
-	-	-	-	-	-	50,190	50,190
34,727	-	33,560	-	-	-	-	2,548,750
47,266	3,693	298,367	5,100	24,997	12,948	159,243	3,543,361
\$ 900,261	\$ 248,106	\$ 680,206	\$ 29,992	\$ 17,251,610	\$ 8,358,315	\$ 321,496	\$ 59,012,022

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF FUND NET ASSETS - CAPITAL PROJECTS FUNDS
DEPARTMENT OF WATER AND WASTEWATER SERVICES

June 30, 2009

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Oyster Harbor <u>S.A.</u>	Newark Service <u>Area</u>
ASSETS				
<u>Current assets</u>				
Cash and short-term investments	\$ 164,610	\$ 239,618	\$ 35,273	\$ 115,462
Accounts receivable - edu	154,241	2,319,470	47,358	15,028
Interfund receivable	177,367	2,284,512	-	23,250
Total current assets	496,218	4,843,600	82,631	153,740
<u>Other assets</u>				
Long-term edu receivable	816,948	13,996,364	457,920	80,562
Construction in process	-	-	-	426,660
Total other assets	816,948	13,996,364	457,920	507,222
Total assets	1,313,166	18,839,964	540,551	660,962
LIABILITIES				
<u>Current liabilities</u>				
Interfund payable	-	-	-	4,666
Due to other funds	-	128,885	32,568	9,943
Bonds payable - current portion	96,432	1,704,945	-	8,496
Accrued bond interest payable	11,746	181,537	-	761
Total current liabilities	108,178	2,015,367	32,568	23,866
<u>Other</u>				
Unearned revenue	-	6,353,931	490,489	89,054
Due to general fund	-	-	457,921	-
Bonds payable	591,507	13,206,047	-	80,559
Bond costs deferred	(38,707)	(282,845)	-	(935)
Total other liabilities	552,800	19,277,133	948,410	168,678
Total liabilities	660,978	21,292,500	980,978	192,544
NET ASSETS				
Unrestricted net assets	\$ 652,188	\$ (2,452,536)	\$ (440,427)	\$ 468,418

South Point <u>S.A.</u>	Sunset Village <u>S.A.</u>	Snug Harbor <u>S.A.</u>	<u>Total</u>
\$ (2,460)	\$ 20,265	\$ -	\$ 572,768
6,996	18,595	40,438	2,602,126
9,180	24,380	34,727	2,553,416
<hr/>			
13,716	63,240	75,165	5,728,310
<hr/>			
48,929	130,086	493,734	16,024,543
-	-	-	426,660
<hr/>			
48,929	130,086	493,734	16,451,203
<hr/>			
62,645	193,326	568,899	22,179,513
<hr/>			
-	-	-	4,666
6,039	-	-	177,435
5,160	13,719	30,271	1,859,023
462	1,229	2,650	198,385
<hr/>			
11,661	14,948	32,921	2,239,509
<hr/>			
54,089	143,805	524,005	7,655,373
-	16,056	75,147	549,124
48,929	130,086	493,734	14,550,862
(499)	(1,434)	-	(324,420)
<hr/>			
102,519	288,513	1,092,886	22,430,939
<hr/>			
114,180	303,461	1,125,807	24,670,448
<hr/>			
\$ (51,535)	\$ (110,135)	\$ (556,908)	\$ (2,490,935)
<hr/>			

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2009

	West Ocean City Service Area			Ocean Pines Service Area		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
OPERATING REVENUES						
Charges for service	\$ 984,000	\$ 1,017,010	\$ 33,010	\$ 5,457,400	\$ 4,969,926	\$ (487,474)
Interest and penalties	35,000	32,355	(2,645)	105,000	105,729	729
Operating grants	-	-	-	-	-	-
Other revenue	260,000	-	(260,000)	1,563,400	107,431	(1,455,969)
Total operating revenues	1,279,000	1,049,365	(229,635)	7,125,800	5,183,086	(1,942,714)
OPERATING EXPENSES						
Personnel services	77,360	81,491	4,131	1,670,999	1,662,924	(8,075)
Supplies and materials	8,230	3,225	(5,005)	426,200	378,459	(47,741)
Maintenance and services	72,587	68,868	(3,719)	1,217,180	1,410,691	193,511
Other charges	716,229	679,187	(37,042)	1,624,007	1,564,148	(59,859)
Interfund charges	150,717	160,736	10,019	520,261	527,671	7,410
Total operating expenses	1,025,123	993,507	(31,616)	5,458,647	5,543,893	85,246
Operating income before depreciation	253,877	55,858	(198,019)	1,667,153	(360,807)	(2,027,960)
Depreciation	260,000	257,038	(2,962)	1,500,000	1,360,706	(139,294)
Net operating income (loss)	(6,123)	(201,180)	(195,057)	167,153	(1,721,513)	(1,888,666)
NON-OPERATING REVENUES (EXPENSES)						
Transfer (to) from other funds	146,123	-	(146,123)	146,347	-	(146,347)
Transfer (to) from district	-	-	-	-	157,857	157,857
Interest income	10,000	1,634	(8,366)	20,000	1,526	(18,474)
Interest expense	-	-	-	-	-	-
Net non-operating revenues (expenses)	156,123	1,634	(154,489)	166,347	159,383	(6,964)
Net income (loss)	\$ 150,000	\$ (199,546)	\$ (349,546)	\$ 333,500	\$ (1,562,130)	\$ (1,895,630)
OTHER BUDGETED EXPENDITURES						
Capital outlay	\$ (150,000)			\$ (333,500)		
Debt service	-			-		
Total other budgeted expenditures	(150,000)			(333,500)		
Budgeted net income (loss)	\$ -			\$ -		

Newark Service Area			Bridgetown Service Area			Edgewater Acres Service Area		
Original and Final Budget	Actual	Variance With Final Budget	Original and Final Budget	Actual	Variance With Final Budget	Original and Final Budget	Actual	Variance With Final Budget
\$ 110,000	\$ 71,425	\$ (38,575)	\$ 10,000	\$ 10,337	\$ 337	\$ 175,700	\$ 168,133	\$ (7,567)
1,000	5,557	4,557	300	1,008	708	1,100	2,229	1,129
-	-	-	22,000	22,000	-	-	-	-
19,500	220,237	200,737	8,800	-	(8,800)	14,697	2,808	(11,889)
130,500	297,219	166,719	41,100	33,345	(7,755)	191,497	173,170	(18,327)
39,008	54,358	15,350	4,587	6,851	2,264	20,659	26,323	5,664
12,270	16,903	4,633	175	87	(88)	971	500	(471)
27,992	36,221	8,229	4,684	4,060	(624)	13,392	20,009	6,617
25,476	31,879	6,403	19,680	17,910	(1,770)	130,279	127,197	(3,082)
7,019	8,188	1,169	2,674	2,768	94	15,375	14,618	(757)
111,765	147,549	35,784	31,800	31,676	(124)	180,676	188,647	7,971
18,735	149,670	130,935	9,300	1,669	(7,631)	10,821	(15,477)	(26,298)
19,500	17,658	(1,842)	8,800	8,331	(469)	11,000	6,282	(4,718)
(765)	132,012	132,777	500	(6,662)	(7,162)	(179)	(21,759)	(21,580)
665	-	(665)	(500)	-	500	79	-	(79)
-	-	-	-	-	-	-	-	-
100	-	(100)	-	-	-	100	-	(100)
-	-	-	-	-	-	-	-	-
765	-	(765)	(500)	-	500	179	-	(179)
\$ -	\$ 132,012	\$ 132,012	\$ -	\$ (6,662)	\$ (6,662)	\$ -	\$ (21,759)	\$ (21,759)
\$ -			\$ -			\$ -		
-			-			-		
-			-			-		
\$ -			\$ -			\$ -		

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2009 (Continued)

	Assateague Point Service Area			River Run Service Area		
	<u>Original and</u>		<u>Variance With</u>	<u>Original and</u>		<u>Variance With</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>
OPERATING REVENUES						
Charges for service	\$ 166,000	\$ 147,972	\$ (18,028)	\$ 140,000	\$ 135,846	\$ (4,154)
Interest and penalties	3,000	2,584	(416)	1,500	3,185	1,685
Operating grants	-	-	-	-	-	-
Other revenue	60,000	925	(59,075)	10,200	-	(10,200)
Total operating revenues	229,000	151,481	(77,519)	151,700	139,031	(12,669)
OPERATING EXPENSES						
Personnel services	43,595	44,148	553	6,553	4,830	(1,723)
Supplies and materials	18,395	12,586	(5,809)	4,307	5,065	758
Maintenance and services	41,776	49,974	8,198	31,326	37,026	5,700
Other charges	36,149	42,784	6,635	74,549	59,292	(15,257)
Interfund charges	39,439	39,841	402	10,293	10,021	(272)
Total operating expenses	179,354	189,333	9,979	127,028	116,234	(10,794)
Operating income before depreciation	49,646	(37,852)	(87,498)	24,672	22,797	(1,875)
Depreciation	60,000	72,393	12,393	10,200	10,467	267
Net operating income (loss)	(10,354)	(110,245)	(99,891)	14,472	12,330	(2,142)
NON-OPERATING REVENUES (EXPENSES)						
Transfer (to) from other funds	8,854	-	(8,854)	15,028	-	(15,028)
Transfer (to) from district	-	-	-	-	-	-
Interest income	1,500	-	(1,500)	500	333	(167)
Interest expense	-	-	-	-	-	-
Net non-operating revenues (expenses)	10,354	-	(10,354)	15,528	333	(15,195)
Net income (loss)	\$ -	\$ (110,245)	\$ (110,245)	\$ 30,000	\$ 12,663	\$ (17,337)
OTHER BUDGETED EXPENDITURES						
Capital outlay	\$ -			\$ (30,000)		
Debt service	-			-		
Total other budgeted expenditures	-			(30,000)		
Budgeted net income (loss)	\$ -			\$ -		

Mystic Harbor Service Area			Lighthouse Sound Service Area			Riddle Farm Service Area		
Original and Final Budget	Actual	Variance With Final Budget	Original and Final Budget	Actual	Variance With Final Budget	Original and Final Budget	Actual	Variance With Final Budget
\$ 830,000	\$ 648,946	\$ (181,054)	\$ 75,000	\$ 79,467	\$ 4,467	\$ 290,000	\$ 234,018	\$ (55,982)
105,000	106,420	1,420	11,500	10,162	(1,338)	76,500	78,996	2,496
-	-	-	-	-	-	-	-	-
95,000	27,162	(67,838)	-	-	-	463,000	100	(462,900)
1,030,000	782,528	(247,472)	86,500	89,629	3,129	829,500	313,114	(516,386)
220,250	178,539	(41,711)	33,765	31,783	(1,982)	114,402	75,685	(38,717)
45,529	63,260	17,731	7,235	6,166	(1,069)	40,318	34,167	(6,151)
264,360	284,294	19,934	26,296	28,095	1,799	109,569	125,768	16,199
241,454	279,242	37,788	16,802	17,446	644	66,644	41,257	(25,387)
97,596	98,055	459	6,350	6,937	587	28,411	26,354	(2,057)
869,189	903,390	34,201	90,448	90,427	(21)	359,344	303,231	(56,113)
160,811	(120,862)	(281,673)	(3,948)	(798)	3,150	470,156	9,883	(460,273)
95,000	61,163	(33,837)	-	-	-	463,000	462,260	(740)
65,811	(182,025)	(247,836)	(3,948)	(798)	3,150	7,156	(452,377)	(459,533)
46,189	-	(46,189)	1,948	-	(1,948)	2,844	-	(2,844)
-	-	-	-	-	-	-	-	-
2,000	954	(1,046)	2,000	93	(1,907)	-	-	-
-	-	-	-	-	-	-	-	-
48,189	954	(47,235)	3,948	93	(3,855)	2,844	-	(2,844)
\$ 114,000	\$ (181,071)	\$ (295,071)	\$ -	\$ (705)	\$ (705)	\$ 10,000	\$ (452,377)	\$ (462,377)
\$ (114,000)			\$ -			\$ (10,000)		
-			-			-		
(114,000)			-			(10,000)		
\$ -			\$ -			\$ -		

WORCESTER COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
DEPARTMENT OF WATER AND WASTEWATER SERVICES
Year Ended June 30, 2009 (Continued)

	The Landings Service Area			Support Group		
	<u>Original and</u>		<u>Variance With</u>	<u>Original and</u>		<u>Variance With</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>
OPERATING REVENUES						
Charges for service	\$ 125,000	\$ 80,486	\$ (44,514)	\$ -	\$ -	\$ -
Interest and penalties	82,000	83,911	1,911	-	-	-
Operating grants	-	-	-	-	-	-
Other revenue	225,000	-	(225,000)	-	158,464	158,464
Total operating revenues	432,000	164,397	(267,603)	-	158,464	158,464
OPERATING EXPENSES						
Personnel services	67,530	80,820	13,290	-	-	-
Supplies and materials	11,070	14,385	3,315	-	-	-
Maintenance and services	85,357	172,157	86,800	-	-	-
Other charges	32,107	40,243	8,136	-	-	-
Interfund charges	10,021	12,100	2,079	-	-	-
Total operating expenses	206,085	319,705	113,620	-	-	-
Operating income before depreciation	225,915	(155,308)	(381,223)	-	158,464	158,464
Depreciation	225,000	224,588	(412)	-	105,870	105,870
Net operating income (loss)	915	(379,896)	(380,811)	-	52,594	52,594
NON-OPERATING REVENUES (EXPENSES)						
Transfer (to) from other funds	(915)	-	915	-	-	-
Transfer (to) from district	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Interest expense	-	-	-	-	(4,237)	(4,237)
Net non-operating revenues (expenses)	(915)	-	915	-	(4,237)	(4,237)
Net income (loss)	\$ -	\$ (379,896)	\$ (379,896)	\$ -	\$ 48,357	\$ 48,357
OTHER BUDGETED EXPENDITURES						
Capital outlay	\$ -			\$ -		
Debt service	-			-		
Total other budgeted expenditures	-			-		
Budgeted net income (loss)	\$ -			\$ -		

Shared Facilities			Combined Totals		
Original and Final Budget	Actual	Variance With Final Budget	Original and Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -	\$8,363,100	\$ 7,563,566	\$ (799,534)
-	-	-	421,900	432,136	10,236
-	-	-	22,000	22,000	-
-	24,159	24,159	2,719,597	541,286	(2,178,311)
-	24,159	24,159	11,526,597	8,558,988	(2,967,609)
-	-	-	2,298,708	2,247,752	(50,956)
-	-	-	574,700	534,803	(39,897)
-	-	-	1,894,519	2,237,163	342,644
-	32,166	32,166	2,983,376	2,932,751	(50,625)
-	-	-	888,156	907,289	19,133
-	32,166	32,166	8,639,459	8,859,758	220,299
-	(8,007)	(8,007)	2,887,138	(300,770)	(3,187,908)
-	-	-	2,652,500	2,586,756	(65,744)
-	(8,007)	(8,007)	234,638	(2,887,526)	(3,183,671)
-	-	-	366,662	-	(366,662)
-	-	-	-	157,857	157,857
-	27	27	36,200	4,567	(31,633)
-	-	-	-	(4,237)	(4,237)
-	27	27	402,862	158,187	(244,675)
\$ -	\$ (7,980)	\$ (7,980)	\$ 637,500	\$ (2,729,339)	\$ (3,366,839)
\$ -			(637,500)		
-			-		
-			(637,500)		
\$ -			\$ -		

WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS- CAPITAL PROJECTS FUNDS

DEPARTMENT OF WATER AND WASTEWATER SERVICES

Year Ended June 30, 2009

	West Ocean City <u>S.A.</u>	Ocean Pines <u>S.A.</u>	Oyster Harbor <u>S.A.</u>	Newark Service <u>Area</u>
Revenues:				
Future capital development	\$ -	\$ 6,170	\$ -	\$ -
EDU revenue	12,618	634,733	51,408	24,416
Other revenues	-	7,768	1,397	200,000
Total revenues	12,618	648,671	52,805	224,416
Operating income	12,618	648,671	52,805	224,416
Nonoperating income (expense):				
Interest on investments	2,709	3,640	1,049	842
Bond interest expense	(34,814)	(488,927)	(20,562)	(3,221)
Transfer from (to) service area	-	(157,857)	-	-
Total nonoperating income (expense)	(32,105)	(643,144)	(19,513)	(2,379)
Change in net assets	(19,487)	5,527	33,292	222,037
Net assets, beginning	671,675	(2,458,063)	(473,719)	246,381
Net assets, ending	\$ 652,188	\$ (2,452,536)	\$ (440,427)	\$ 468,418

South Point <u>S.A.</u>	Sunset Village <u>S.A.</u>	Snug Harbor <u>S.A.</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 6,170
7,344	19,504	34,449	784,472
-	-	19,248	228,413
7,344	19,504	53,697	1,019,055
7,344	19,504	53,697	1,019,055
-	128	-	8,368
(1,948)	(5,192)	(3,759)	(558,423)
-	-	-	(157,857)
(1,948)	(5,064)	(3,759)	(707,912)
5,396	14,440	49,938	311,143
(56,931)	(124,575)	(606,846)	(2,802,078)
\$ (51,535)	\$ (110,135)	\$ (556,908)	\$ (2,490,935)

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS BY OPERATING FUND- BUDGET AND ACTUAL
LANDFILL

Year Ended June 30, 2009

	Budget Original/ <u>Final</u>	<u>Actual</u>	Variance Positive (Negative)
Operating Revenues:			
Licenses and permits	\$ 343,000	\$ 325,410	\$ (17,590)
Recycling charges	243,000	238,945	(4,055)
Stump, yard waste, and mulch revenue	70,000	34,157	(35,843)
Interest and penalties on overdue accounts	1,500	707	(793)
Other revenue	25,000	57,897	32,897
Tipping fees	6,400,000	4,391,905	(2,008,095)
Total operating revenues	7,082,500	5,049,021	(2,033,479)
Total operating expenses	5,021,475	4,390,649	630,826
Operating income before depreciation	2,061,025	658,372	(1,402,653)
Depreciation	1,880,000	2,242,955	(362,955)
Operating income (loss)	181,025	(1,584,583)	(1,765,608)
Nonoperating income (expense):			
Interest on investments	300,000	104,069	(195,931)
Transfer from other funds	609,975	-	(609,975)
Interest expense	(125,000)	(126,505)	(1,505)
Debt service	(740,000)	-	740,000
Capital outlay	(226,000)	-	226,000
Total nonoperating (expense) income	(181,025)	(22,436)	158,589
Change in net assets	\$ -	(1,607,019)	\$ (1,607,019)
Net assets, beginning		10,945,430	
Net assets, ending		\$ 9,338,411	

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS BY OPERATING FUND- BUDGET AND ACTUAL
LANDFILL

Year Ended June 30, 2009

	Budget Original/ <u>Final</u>	<u>Actual</u>	Variance Positive (Negative)
Expenses:			
Department: Administration			
Salaries	\$ 135,115	\$ 136,886	\$ (1,771)
Benefits	54,668	53,132	1,536
Salaries - Treasurer's support	95,355	94,355	1,000
Salaries - Public works	92,128	91,628	500
Administrative support	111,877	111,877	-
Administrative expenses	14,000	10,908	3,092
Audit services	6,000	6,000	-
Insurance	35,000	27,109	7,891
Uniforms	1,000	550	450
Supplies/equipment	8,000	3,990	4,010
Safety	1,000	-	1,000
Solid waste committee	1,200	1,006	194
	<u>555,343</u>	<u>537,441</u>	<u>17,902</u>
Department: Solid Waste			
Salaries	1,053,705	1,106,780	(53,075)
Benefits	426,329	412,640	13,689
Telephone	8,000	8,311	(311)
Utilities	25,000	29,782	(4,782)
Training	4,000	1,501	2,499
Consulting services	150,000	155,030	(5,030)
Fuel	225,000	244,889	(19,889)
Leachate expense	250,000	337,059	(87,059)
Supplies/equipment	10,000	1,121	8,879
Safety	4,000	79	3,921
Vehicles expense	430,000	309,092	120,908
Uniforms	8,500	7,601	899
Buildings and grounds	120,000	132,056	(12,056)
Closure and postclosure costs	1,000,000	370,917	629,083
	<u>3,714,534</u>	<u>3,116,858</u>	<u>597,676</u>

WORCESTER COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS BY OPERATING FUND- BUDGET AND ACTUAL
LANDFILL

Year Ended June 30, 2009

	Budget Original/ <u>Final</u>	<u>Actual</u>	Variance Positive (Negative)
Department: Recycling			
Salaries	\$ 388,508	\$ 385,612	\$ 2,896
Benefits	157,190	150,841	6,349
Telephone	2,400	2,109	291
Utilities	22,000	30,502	(8,502)
Training	2,000	1,271	729
Fuel	35,000	30,452	4,548
Removal expenses	27,000	51,311	(24,311)
Safety expense	2,000	386	1,614
Supplies/equipment	1,500	468	1,032
Vehicle expense	40,000	22,577	17,423
Uniforms	4,000	4,060	(60)
Buildings and grounds	20,000	12,017	7,983
Special events	50,000	44,744	5,256
	751,598	736,350	15,248
	\$ 5,021,475	\$ 4,390,649	\$ 630,826



WORCESTER COUNTY, MARYLAND

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
NONMAJOR AGENCY FUNDS
Year Ended June 30, 2009

	State of Maryland Property Taxes	Maryland Department of Motor Vehicles - License Fees	Tax Sale Fund	Development Taxes	Performance Bonds	Confiscated Monies Fund
ASSETS						
Cash and short-term investments	\$ -	\$ 34,722	\$ 964,935	\$ 605,400	\$ 842,550	\$ 18,554
Taxes receivable	642,368	-	-	-	-	-
Due from other funds	112,717	-	-	-	-	-
Total assets	755,085	34,722	964,935	605,400	842,550	18,554
LIABILITIES						
Due to other governmental units	755,085	34,722	-	-	-	-
Other liabilities	-	-	964,935	605,400	842,550	18,554
Total liabilities	755,085	34,722	964,935	605,400	842,550	18,554
NET ASSETS						
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<u>Personal Property Tax Liability</u>	<u>Forest Conservation</u>	<u>Bay Restoration</u>	<u>Snow Hill Property Tax</u>	<u>Berlin Property Tax</u>	<u>Special Loans</u>	<u>Critical Areas</u>	<u>Total</u>
\$ 180,720	\$ 125,270	\$ -	\$ -	\$ -	\$ 155,690	\$ 88,189	\$ 3,016,030
-	-	15,595	55,637	89,161	-	-	802,761
-	-	9,525	5,199	23,989	323	-	151,753
180,720	125,270	25,120	60,836	113,150	156,013	88,189	3,970,544
-	-	25,120	60,836	113,150	4,481	-	993,394
180,720	125,270	-	-	-	151,532	88,189	2,977,150
180,720	125,270	25,120	60,836	113,150	156,013	88,189	3,970,544
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Cash	Taxes Receivable	Due from	Total Assets
STATE OF MARYLAND PROPERTY TAXES				
Balance 7-1-2008	\$ -	\$ 463,201	\$ 125,596	\$ 588,797
Additions	-	23,719,724	21,026,452	44,746,176
Deductions	-	(23,540,557)	(21,039,331)	(44,579,888)
Balance 6-30-2009	<u>\$ -</u>	<u>\$ 642,368</u>	<u>\$ 112,717</u>	<u>\$ 755,085</u>
MARYLAND DEPT. of MOTOR VEHICLE - LICENSE FEES				
Balance 7-1-2008	\$ 28,984	\$ -	\$ -	\$ 28,984
Additions	454,670	-	-	454,670
Deductions	(448,932)	-	-	(448,932)
Balance 6-30-2009	<u>\$ 34,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,722</u>
TAX SALE FUND				
Balance 7-1-2008	\$ 1,131,229	\$ -	\$ -	\$ 1,131,229
Additions	74,189	-	-	74,189
Deductions	(240,483)	-	-	(240,483)
Balance 6-30-2009	<u>\$ 964,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 964,935</u>
DEVELOPMENT TAXES				
Balance 7-1-2008	\$ 586,875	\$ -	\$ -	\$ 586,875
Additions	20,757	-	-	20,757
Deductions	(2,232)	-	-	(2,232)
Balance 6-30-2009	<u>\$ 605,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,400</u>
PERFORMANCE BONDS				
Balance 7-1-2008	\$ 1,531,901	\$ -	\$ -	\$ 1,531,901
Additions	106,970	-	-	106,970
Deductions	(796,321)	-	-	(796,321)
Balance 6-30-2009	<u>\$ 842,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 842,550</u>
CONFISCATED MONIES				
Balance 7-1-2008	\$ 51,463	\$ -	\$ -	\$ 51,463
Additions	9,736	-	-	9,736
Deductions	(42,645)	-	-	(42,645)
Balance 6-30-2009	<u>\$ 18,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,554</u>

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)

Due to Other Governments	Other Liabilities	Total Liabilities
<u> </u>	<u> </u>	<u> </u>
\$ 588,797	\$ -	\$ 588,797
21,026,452	-	21,026,452
(20,860,164)	-	(20,860,164)
-	-	-
<u>\$ 755,085</u>	<u>\$ -</u>	<u>\$ 755,085</u>
\$ 28,984	\$ -	\$ 28,984
5,738	-	5,738
-	-	-
<u>\$ 34,722</u>	<u>\$ -</u>	<u>\$ 34,722</u>
\$ -	\$ 1,131,229	\$ 1,131,229
-	787,373	787,373
-	(953,667)	(953,667)
<u>\$ -</u>	<u>\$ 964,935</u>	<u>\$ 964,935</u>
\$ -	\$ 586,875	\$ 586,875
-	27,677	27,677
-	(9,152)	(9,152)
<u>\$ -</u>	<u>\$ 605,400</u>	<u>\$ 605,400</u>
\$ -	\$ 1,531,901	\$ 1,531,901
-	261,239	261,239
-	(950,590)	(950,590)
<u>\$ -</u>	<u>\$ 842,550</u>	<u>\$ 842,550</u>
\$ -	\$ 51,463	\$ 51,463
-	17,403	17,403
-	(50,312)	(50,312)
<u>\$ -</u>	<u>\$ 18,554</u>	<u>\$ 18,554</u>

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)

	Cash	Taxes Receivable	Due from	Total Assets
PERSONAL PROPERTY TAX LIABILITY				
Balance 7-1-2008	\$ 162,293	\$ -	\$ -	\$ 162,293
Additions	32,938	-	-	32,938
Deductions	(14,511)	-	-	(14,511)
Balance 6-30-2009	<u>\$ 180,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,720</u>
FOREST CONSERVATION				
Balance 7-1-2008	\$ 127,760	\$ -	\$ -	\$ 127,760
Additions	4,596	-	-	4,596
Deductions	(7,086)	-	-	(7,086)
Balance 6-30-2009	<u>\$ 125,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,270</u>
BAY RESTORATION				
Balance 7-1-2008	\$ -	\$ 14,793	\$ 9,694	\$ 24,487
Additions	-	225,681	223,869	449,550
Deductions	-	(224,879)	(224,038)	(448,917)
Balance 6-30-2009	<u>\$ -</u>	<u>\$ 15,595</u>	<u>\$ 9,525</u>	<u>\$ 25,120</u>
SNOW HILL PROPERTY TAX				
Balance 7-1-2008	\$ -	\$ 41,643	\$ 3,367	\$ 45,010
Additions	-	925,659	908,956	1,834,615
Deductions	-	(911,665)	(907,124)	(1,818,789)
Balance 6-30-2009	<u>\$ -</u>	<u>\$ 55,637</u>	<u>\$ 5,199</u>	<u>\$ 60,836</u>
BERLIN PROPERTY TAX				
Balance 7-1-2008	\$ -	\$ 96,911	\$ 8,592	\$ 105,503
Additions	-	2,794,396	2,773,670	5,568,066
Deductions	-	(2,802,146)	(2,758,273)	(5,560,419)
Balance 6-30-2009	<u>\$ -</u>	<u>\$ 89,161</u>	<u>\$ 23,989</u>	<u>\$ 113,150</u>
SPECIAL LOANS				
Balance 7-1-2008	\$ 100,572	\$ -	\$ -	\$ 100,572
Additions	391,350	-	323	391,673
Deductions	(336,232)	-	-	(336,232)
Balance 6-30-2009	<u>\$ 155,690</u>	<u>\$ -</u>	<u>\$ 323</u>	<u>\$ 156,013</u>

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)

Due to Other Governments	Other Liabilities	Total Liabilities
<u> </u>	<u> </u>	<u> </u>
\$ -	\$ 162,293	\$ 162,293
-	49,588	49,588
<u> -</u>	<u>(31,161)</u>	<u>(31,161)</u>
<u><u>\$ -</u></u>	<u><u>\$ 180,720</u></u>	<u><u>\$ 180,720</u></u>
\$ -	\$ 127,760	\$ 127,760
-	4,590	4,590
<u> -</u>	<u>(7,080)</u>	<u>(7,080)</u>
<u><u>\$ -</u></u>	<u><u>\$ 125,270</u></u>	<u><u>\$ 125,270</u></u>
\$ 24,487	\$ -	\$ 24,487
224,670	-	224,670
<u>(224,037)</u>	<u> -</u>	<u>(224,037)</u>
<u><u>\$ 25,120</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,120</u></u>
\$ 45,010	\$ -	\$ 45,010
960,880	-	960,880
<u>(945,054)</u>	<u> -</u>	<u>(945,054)</u>
<u><u>\$ 60,836</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 60,836</u></u>
\$ 105,503	\$ -	\$ 105,503
2,781,317	-	2,781,317
<u>(2,773,670)</u>	<u> -</u>	<u>(2,773,670)</u>
<u><u>\$ 113,150</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 113,150</u></u>
\$ -	\$ 100,572	\$ 100,572
4,481	391,673	396,154
<u> -</u>	<u>(340,713)</u>	<u>(340,713)</u>
<u><u>\$ 4,481</u></u>	<u><u>\$ 151,532</u></u>	<u><u>\$ 156,013</u></u>

WORCESTER COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)

	<u>Cash</u>	<u>Taxes Receivable</u>	<u>Due from</u>	<u>Total Assets</u>
CRITICAL AREAS				
Balance 7-1-2008	\$ -	\$ -	\$ -	\$ -
Additions	88,189	-	-	88,189
Deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance 6-30-2009	<u>\$ 88,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,189</u>
TOTALS				
Balance 7-1-2008	\$ 3,721,077	\$ 616,548	\$ 147,249	\$ 4,484,874
Additions	1,183,395	27,665,460	24,933,270	53,782,125
Deductions	<u>(1,888,442)</u>	<u>(27,479,247)</u>	<u>(24,928,766)</u>	<u>(54,296,455)</u>
Balance 6-30-2009	<u>\$ 3,016,030</u>	<u>\$ 802,761</u>	<u>\$ 151,753</u>	<u>\$ 3,970,544</u>

WORCESTER COUNTY, MARYLAND
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009
 (Continued)

Due to Other Governments	Other Liabilities	Total Liabilities
<u> </u>	<u> </u>	<u> </u>
\$ -	\$ -	\$ -
-	88,189	88,189
<u> -</u>	<u> -</u>	<u> -</u>
<u><u> -</u></u>	<u><u> 88,189</u></u>	<u><u> 88,189</u></u>
\$ 792,781	\$ 3,692,093	\$ 4,484,874
25,003,538	1,627,732	26,631,270
<u> (24,802,925)</u>	<u> (2,342,675)</u>	<u> (27,145,600)</u>
<u><u> 993,394</u></u>	<u><u> 2,977,150</u></u>	<u><u> 3,970,544</u></u>

WORCESTER COUNTY, MARYLAND

SCHEDULE OF ASSESSABLE BASE
GENERAL FUND

Year Ended June 30, 2009

	<u>Full-Year Assessment</u>	<u>Half-Year Assessment</u>	<u>Total</u>
Real property	\$ 19,852,220,476	\$ 67,332,824	\$ 19,919,553,300
Personal property - individuals and firms - all districts	19,948,057	-	19,948,057
Railroads and public utilities	105,007,830	-	105,007,830
Railroads and public utilities- reduced rate	1,115,560	-	1,115,560
Ordinary business corporations	201,713,786	-	201,713,786
Total	\$ 20,180,005,709	\$ 67,332,824	\$ 20,247,338,533

Computation of Taxes for County Purposes

\$19,852,220,476 assessable base at \$.70 per \$100 base (full-year)	\$ 138,965,543
\$326,669,673 assessable base at \$1.750 per \$100 base (full-year)	5,716,719
\$1,115,560 assessable base at \$.70 per \$100 base (full-year)	7,809
\$67,332,824 assessable base at \$.35 per \$100 base (half-year)	235,665
	144,925,736
Adjustment for deferred property taxes receivable	(977,912)
Net additions and abatements	(578,691)
Total County taxes for year ended June 30, 2009	\$ 143,369,133

WORCESTER COUNTY, MARYLAND

SCHEDULE OF ASSESSABLE BASES AND TAX LEVIES

GENERAL FUND

Fiscal Years Ended June 30, 2009

<u>Fiscal Year</u>	<u>Assessable Base at June 30</u>	<u>Percentage Change From Prior Year</u>	<u>Tax Rate</u>	<u>Taxes</u>	<u>Percentage Change From Prior Year</u>
1987 - 1988	1,606,737,785	13.20 %	1.49	23,802,030	13.10 %
1988 - 1989	1,750,961,321	8.98 %	1.59	27,715,124	16.44 %
1989 - 1990	1,884,056,226	7.60 %	1.59	29,821,917	7.60 %
1990 - 1991	1,984,118,930	5.31 %	1.59	31,437,648	5.42 %
1991 - 1992	2,045,723,202	3.10 %	1.59	32,436,970	3.18 %
1992 - 1993	2,150,811,675	5.14 %	1.62	34,752,125	7.14 %
1993 - 1994	2,250,431,661	4.63 %	1.68	37,729,271	8.57 %
1994 - 1995	2,288,466,700	1.69 %	1.68	38,367,332	1.69 %
1995 - 1996	2,309,492,502	0.92 %	1.68	38,687,619	0.83 %
1996 - 1997	2,380,191,243	3.06 %	1.68	39,864,643	3.04 %
1997 - 1998	2,426,505,995	1.95 %	1.72	41,606,010	4.37 %
1998 - 1999	2,491,029,177	2.66 %	1.72	42,705,429	2.64 %
1999 - 2000	2,586,502,181	3.83 %	1.74	44,830,570	4.98 %
2000 - 2001	2,712,238,607	4.86 %	1.74	46,883,527	4.58 %
2001 - 2002	6,748,561,217 *	148.82 %	.73- 1.825	52,068,932	11.06 %
2002 - 2003	7,264,345,677	7.64 %	.73- 1.825	56,057,444	7.66 %
2003 - 2004	8,441,544,002	16.21 %	.73- 1.825	64,473,123	15.01 %
2004 - 2005	10,074,216,702	19.34 %	.73- 1.825	76,196,731	18.18 %
2005 - 2006	11,906,248,133	18.19 %	.73-1.825	89,397,911	17.33 %
2006 - 2007	14,580,162,820	22.46 %	.70-1.750	104,613,265	17.02 %
2007 - 2008	17,371,368,530	19.14 %	.70-1.750	124,489,545	19.00 %
2008 - 2009	20,247,338,533	16.56 %	.70-1.750	144,925,736	16.42 %

* Effective in fiscal year 2002, the State of Maryland converted to a full cash value for assessment purposes.
Prior to fiscal year 2002, the State of Maryland assessed properties at 40% of market value.

WORCESTER COUNTY, MARYLAND

TAXES RECEIVABLE

GENERAL FUND

June 30, 2009

Levies of years ended June 30:

2009	\$ 4,113,017
2008	255,044
2007	78,725
2006	65,198
2005	70,919
2004	116,257
2003	67,524
2002	10,321
2001	7,706
<hr/>	
Total	\$ 4,784,711
<hr/> <hr/>	

WORCESTER COUNTY, MARYLAND
NOTES TO OTHER SUPPLEMENTARY INFORMATION

Note 1. Budgetary Basis

Other supplementary information includes financial statements and schedules that are not required by the Governmental Accounting Standards Board nor are they considered part of the basic financial statements. Such information is included for purposes of additional analysis. The budgetary information contained in this section is prepared and adopted on a basis consistent with generally accepted accounting principles. Such statements and schedules include:

Budgetary Comparison Schedules:

Department of Water and Wasterwater Services
Landfill

STATISTICAL SECTION

This part of Worcester County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health. The Statistical Section contains data which usually covers more than one year and may present non-accounting data. As a result, this section of the report is unaudited.

Contents

Schedule

Financial Trends

1 - 4

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

5 - 11

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.

Debt Capacity

12 - 15

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

16 - 17

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time with other governments.

Operating Information

18 - 20

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the financial reports for the relevant year. The County implemented GASB Statement Number 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

Schedule 1
Worcester County, Maryland
Net Assets by Component, Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 35,190,773	\$ 39,123,045	\$ 62,938,380	\$ 70,423,370	\$ 77,605,845	\$ 88,196,133	\$ 104,308,508
Restricted	1,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	25,983,919
Unrestricted	<u>29,140,049</u>	<u>34,627,993</u>	<u>26,038,080</u>	<u>40,972,251</u>	<u>53,932,414</u>	<u>46,462,418</u>	<u>(18,998,077)</u>
Total governmental activities net assets	\$ 65,330,822	\$ 75,251,038	\$ 90,476,460	\$ 112,895,621	\$ 133,038,259	\$ 136,158,551	\$ 111,294,350
Business-type activities							
Invested in capital assets, net of related debt	\$ 21,977,713	\$ 23,810,640	\$ 22,580,920	\$ 42,728,506	\$ 57,150,700	\$ 58,545,520	\$ 57,477,462
Restricted	2,922,846	6,295,141	6,967,061	-	-	-	-
Unrestricted	<u>17,942,744</u>	<u>12,311,905</u>	<u>13,992,031</u>	<u>20,745,045</u>	<u>15,832,651</u>	<u>11,339,193</u>	<u>8,382,036</u>
Total business-type activities net assets	\$ 42,843,303	\$ 42,417,686	\$ 43,540,012	\$ 63,473,551	\$ 72,983,351	\$ 69,884,713	\$ 65,859,498
Primary government							
Invested in capital assets, net of related debt	\$ 57,168,486	\$ 62,933,685	\$ 85,519,300	\$ 113,151,876	\$ 134,756,545	\$ 146,741,653	\$ 161,785,970
Restricted	3,922,846	7,795,141	8,467,061	1,500,000	1,500,000	1,500,000	25,983,919
Unrestricted	<u>47,082,793</u>	<u>46,939,898</u>	<u>40,030,111</u>	<u>61,717,296</u>	<u>69,765,065</u>	<u>57,801,611</u>	<u>(10,616,041)</u>
Total primary government net assets	<u>\$ 108,174,125</u>	<u>\$ 117,668,724</u>	<u>\$ 134,016,472</u>	<u>\$ 176,369,172</u>	<u>\$ 206,021,610</u>	<u>\$ 206,043,264</u>	<u>\$ 177,153,848</u>

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

Schedule 2
Worcester County, Maryland
Changes in Net Assets, Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses							
Governmental activities:							
General government	\$ 27,753,711	\$ 25,174,360	\$ 34,903,964	\$ 34,137,670	\$ 32,654,118	\$ 32,663,595	\$ 47,083,442
Public safety	3,397,109	13,559,658	16,276,341	17,754,189	21,786,643	23,542,080	36,283,485
Public works	10,837,742	10,437,967	10,582,687	11,269,651	13,733,952	12,833,648	15,599,323
Health and hospitals	2,746,183	3,151,397	3,506,813	4,106,444	4,759,554	5,335,022	6,012,215
Social services	1,893,964	2,168,903	1,120,110	944,708	1,360,501	1,634,695	3,448,378
Education	51,083,235	53,136,216	56,469,938	58,884,554	65,947,811	88,762,738	127,128,498
Libraries, recreation and culture	2,986,137	3,329,185	3,265,946	4,406,244	4,880,260	5,882,121	9,031,660
Conservation of natural resources	600,161	665,363	622,293	600,795	562,929	584,921	858,559
Economic Development	854,606	2,496,321	1,751,737	2,258,929	1,881,698	2,461,997	1,978,375
Interest on long-term debt	2,063,580	1,914,009	1,681,909	1,938,493	1,848,694	2,477,071	3,049,378
Total governmental activities expenses	<u>104,216,428</u>	<u>116,033,379</u>	<u>130,181,738</u>	<u>136,301,677</u>	<u>149,416,160</u>	<u>176,177,888</u>	<u>250,473,313</u>
Business-type activities:							
Landfill	4,933,251	5,525,548	6,137,637	6,982,920	6,982,920	7,639,296	6,760,109
Department of Water and Wastewater	7,829,450	8,299,684	9,101,615	8,404,660	8,404,660	11,860,477	12,009,174
Total business-type activities expenses	<u>12,762,701</u>	<u>13,825,232</u>	<u>15,239,252</u>	<u>15,387,580</u>	<u>15,387,580</u>	<u>19,499,773</u>	<u>18,769,283</u>
Total primary government expenses	<u>\$ 116,979,129</u>	<u>\$ 129,858,611</u>	<u>\$ 145,420,990</u>	<u>\$ 151,689,257</u>	<u>\$ 164,803,740</u>	<u>\$ 195,677,661</u>	<u>\$ 269,242,596</u>
Program Revenues							
Governmental activities:							
Charges for services	\$ 4,972,311	\$ 5,088,643	\$ 5,007,143	\$ 5,326,727	\$ 4,897,072	\$ 4,439,925	\$ 4,817,117
Operating grants and contributions	5,670,303	7,692,581	10,556,990	5,518,848	5,675,002	4,036,459	31,044,359
Capital grants and contributions	568,577	2,018,229	1,651,819	2,006,905	1,908,265	1,463,798	11,157,620
Total governmental activities program revenues	<u>11,211,191</u>	<u>14,799,453</u>	<u>17,215,952</u>	<u>12,852,480</u>	<u>12,480,339</u>	<u>9,940,182</u>	<u>47,019,096</u>
Business-type activities:							
Charges for services	11,694,586	13,280,216	16,459,708	16,236,252	16,898,715	15,968,423	14,605,064
Operating grants and contributions	40,000	40,000	25,000	55,000	30,000	25,000	22,000
Capital grants and contributions	-	-	-	18,490,430	8,983,508	-	-
Total business-type activities program revenues	<u>11,734,586</u>	<u>13,320,216</u>	<u>16,484,708</u>	<u>34,781,682</u>	<u>25,912,223</u>	<u>15,993,423</u>	<u>14,627,064</u>
Total primary government program revenues	<u>\$ 22,945,777</u>	<u>\$ 28,119,669</u>	<u>\$ 33,700,660</u>	<u>\$ 47,634,162</u>	<u>\$ 38,392,562</u>	<u>\$ 25,933,605</u>	<u>\$ 61,646,160</u>
Net (Expense)/Revenue							
Governmental activities	\$ (93,005,237)	\$ (101,233,926)	\$ (112,965,786)	\$ (123,449,197)	\$ (136,935,821)	\$ (166,237,706)	\$ (203,454,217)
Business-type activities	(1,028,115)	(505,016)	1,245,456	19,394,102	10,524,643	(3,506,350)	(4,142,219)
Total primary government net expense	<u>\$ (94,033,352)</u>	<u>\$ (101,738,942)</u>	<u>\$ (111,720,330)</u>	<u>\$ (104,055,095)</u>	<u>\$ (126,411,178)</u>	<u>\$ (169,744,056)</u>	<u>\$ (207,596,436)</u>

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes	\$ 63,461,421	\$ 63,461,421	\$ 73,514,568	\$ 85,706,377	\$ 99,594,792	\$ 116,778,663	\$ 134,015,561
Local income tax	10,756,250	10,756,250	13,133,760	14,310,438	15,842,045	13,684,600	13,062,134
Other local taxes	31,875,198	31,875,198	36,631,317	36,203,899	30,095,358	26,328,090	23,221,489
State Shared	3,882,807	3,882,807	4,610,345	5,703,290	6,194,180	5,654,165	4,809,446
Distribution from Worcester Liquor Control Bd.	356,450	356,450	388,579	460,862	363,442	415,403	168,625
Interest	454,909	454,909	1,245,373	3,246,509	5,069,327	5,980,550	2,597,658
Gain (loss) on sale of capital assets	-	-	-	-	(643,251)	-	-
Transfers in (out)	-	-	-	-	-	(38,860)	(81,154)
Other	367,107	367,107	278,961	394,839	562,566	555,387	796,257
Total governmental activities	<u>111,154,142</u>	<u>111,154,142</u>	<u>129,802,903</u>	<u>146,026,214</u>	<u>157,078,459</u>	<u>169,357,998</u>	<u>178,590,016</u>
Business-type activities:							
Transfers in (out)	-	-	-	-	-	38,860	-
Interest	79,399	79,399	196,430	539,437	600,400	368,852	117,004
Total business-type activities	<u>79,399</u>	<u>79,399</u>	<u>196,430</u>	<u>539,437</u>	<u>600,400</u>	<u>407,712</u>	<u>117,004</u>
Total primary government	<u>\$ 111,233,541</u>	<u>\$ 111,233,541</u>	<u>\$ 129,999,333</u>	<u>\$ 146,565,651</u>	<u>\$ 157,678,859</u>	<u>\$ 169,765,710</u>	<u>\$ 178,707,020</u>
Change in Net Assets							
Governmental activities	\$ 18,148,905	\$ 9,920,216	\$ 16,837,117	\$ 22,577,017	\$ 20,142,638	\$ 3,120,292	\$ (24,864,201)
Business-type activities	(948,716)	(425,617)	1,441,886	19,933,539	11,125,043	(3,098,638)	(4,025,215)
Total primary government	<u>\$ 17,200,189</u>	<u>\$ 9,494,599</u>	<u>\$ 18,279,003</u>	<u>\$ 42,510,556</u>	<u>\$ 31,267,681</u>	<u>\$ 21,654</u>	<u>\$ (28,889,416)</u>

Note: Accrual-basis financial information for the county government as a whole is only available back to 2003, the year GASB Statement 34 was implemented.

Schedule 3
Worcester County, Maryland
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund										
Reserved	\$ 817,631	\$ 1,267,903	\$ 1,878,820	\$ 2,461,201	\$ 2,996,264	\$ 4,106,822	\$ 5,323,510	\$ 4,706,880	\$ 5,564,944	\$ 5,287,250
Unreserved										
Designated	10,339,191	11,737,057	12,079,929	13,352,494	20,622,163	27,703,604	37,355,792	31,186,920	27,991,458	17,946,506
Undesignated	<u>300,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total General Fund	<u>\$ 11,456,822</u>	<u>\$ 13,504,960</u>	<u>\$ 14,458,749</u>	<u>\$ 16,313,695</u>	<u>\$ 24,118,427</u>	<u>\$ 32,310,426</u>	<u>\$ 43,179,302</u>	<u>\$ 36,393,800</u>	<u>\$ 34,056,402</u>	<u>\$ 23,733,756</u>
All Other Governmental Funds										
Reserved	\$ 22,045,938	\$ 13,316,390	\$ 9,405,439	\$ 11,538,185	\$ 10,549,585	\$ 22,265,342	\$ 24,603,073	\$ 70,206,804	\$ 65,373,635	\$ 43,039,161
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 22,045,938</u>	<u>\$ 13,316,390</u>	<u>\$ 9,405,439</u>	<u>\$ 11,538,185</u>	<u>\$ 10,549,585</u>	<u>\$ 22,265,342</u>	<u>\$ 24,603,073</u>	<u>\$ 70,206,804</u>	<u>\$ 65,373,635</u>	<u>\$ 43,039,161</u>
Total Governmental Funds	\$ 33,502,760	\$ 26,821,350	\$ 23,864,188	\$ 27,851,880	\$ 34,668,012	\$ 54,575,768	\$ 67,782,375	\$ 106,600,604	\$ 99,430,037	\$ 66,772,917

Schedule 4
Worcester County, Maryland
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Property Tax	\$ 44,416,626	\$ 46,284,880	\$ 51,474,523	\$ 55,722,284	\$ 63,315,055	\$ 73,921,933	\$ 85,504,049	\$ 98,902,050	\$ 116,356,479	\$ 133,037,649
Income tax	7,380,581	10,016,666	10,474,627	9,956,460	10,756,250	13,133,760	14,310,438	15,842,045	13,684,600	13,062,134
Room Tax	6,196,694	7,633,595	9,541,556	9,652,580	10,009,637	10,049,870	10,209,181	10,842,013	11,284,976	11,589,393
Food Tax	1,831,070	1,786,962	1,908,302	1,889,742	1,986,349	2,041,504	2,151,623	2,227,465	2,230,516	2,064,542
Transfer tax	2,818,455	2,911,051	3,709,077	4,817,267	6,431,455	8,737,908	8,282,788	5,395,746	3,984,963	2,843,502
Recordation Tax	4,873,869	5,315,977	7,415,897	10,378,668	12,622,178	14,982,660	14,788,218	10,905,366	8,026,476	5,962,649
Other local taxes	595,891	772,115	863,984	844,691	806,729	799,559	751,281	703,055	778,818	761,403
State-shared taxes	4,276,301	4,728,825	4,661,590	4,447,756	3,882,807	4,610,345	5,703,290	6,194,180	5,654,165	4,809,446
Licenses and permits	1,684,976	1,823,895	2,367,595	2,311,722	2,173,730	2,216,325	2,498,979	2,000,074	2,010,919	1,668,670
Intergovernmental	4,120,827	6,450,572	5,545,849	6,238,880	8,097,480	12,209,881	7,539,229	7,595,453	5,505,717	13,807,495
Service charges	1,848,802	2,355,342	2,603,636	2,503,514	3,034,922	2,967,709	3,105,386	3,097,255	2,704,784	3,145,711
Miscellaneous	1,893,377	1,688,849	761,286	1,522,018	2,267,733	936,528	740,528	1,632,149	1,854,426	2,058,850
Interest Income	1,093,195	1,415,421	1,415,421	1,415,421	422,904	1,059,872	3,068,379	4,172,456	4,838,017	1,505,668
Total revenues	83,030,664	93,184,150	102,743,343	111,701,003	125,807,229	147,667,854	158,653,369	169,509,307	178,914,856	196,317,112
Expenditures										
General Government	5,466,324	5,428,601	6,489,789	7,511,957	8,434,589	10,461,514	11,651,065	13,158,875	14,010,326	24,865,890
Public Safety	8,813,776	9,208,857	10,225,363	10,925,642	13,149,606	16,174,634	18,589,231	20,977,696	21,552,888	34,370,015
Public Works	5,009,591	4,940,793	5,110,093	5,532,102	5,112,875	5,531,947	5,992,977	8,801,444	8,136,481	10,026,907
Health and hospitals	1,680,360	1,825,458	2,361,306	2,709,223	3,149,628	3,376,410	3,886,048	4,586,294	5,066,899	5,588,851
Social services	1,532,902	1,495,166	1,752,363	2,868,957	3,061,738	2,174,949	1,886,966	2,539,439	2,822,890	3,448,378
Education	39,872,869	43,546,851	46,831,509	50,224,884	53,136,216	56,469,938	58,884,554	65,947,811	73,140,412	104,090,392
Libraries, recreation and culture	1,731,690	2,346,084	2,827,896	2,817,653	3,148,922	5,540,567	4,139,846	4,846,976	6,136,628	8,772,282
Conservation of natural resources	578,194	705,437	546,583	600,161	662,829	622,293	600,795	562,929	584,921	858,559
Economic development	670,534	890,051	928,799	851,051	2,492,766	1,748,182	2,257,929	1,881,698	2,096,997	1,613,375
Distributions to municipalities	9,257,818	11,219,374	13,528,834	13,221,734	13,453,369	14,366,585	14,681,488	16,856,357	17,249,935	19,570,744
Debt service interest	1,148,386	2,286,523	2,127,026	2,063,580	1,914,009	1,858,272	5,444,242	1,871,691	2,500,068	3,108,154
Debt service principal	1,923,211	3,040,356	3,151,251	4,136,704	3,898,570	4,044,085	1,938,493	5,047,700	4,026,300	5,219,231
Capital Projects	4,146,025	13,241,534	12,355,960	7,919,925	7,350,534	19,304,370	17,150,368	11,919,855	28,721,826	42,970,601
Total expenditures	81,831,680	100,175,085	108,236,772	111,383,573	118,965,651	141,673,746	147,104,002	158,998,765	186,046,571	264,503,379
Excess of revenues over (under) expenditures	1,198,984	(6,990,935)	(5,493,429)	317,430	6,841,578	5,994,108	11,549,367	10,510,542	(7,131,715)	(68,186,267)
Other Financing Sources (Uses)										
Issuance of long-term debt	21,843,754	-	3,200,000	4,600,000	-	31,665,210	1,815,096	28,307,695	-	35,610,301
Payment to refunded debt escrow agent	-	-	-	-	-	(16,139,868)	-	-	-	-
Transfers:										
Operating transfers in	3,086,975	5,767,583	7,785,439	8,567,620	7,782,315	15,924,734	22,731,329	33,177,229	31,704,276	20,289,317
Operating transfers out	(9,073,824)	(5,767,583)	(7,785,439)	(8,567,620)	(7,782,315)	(15,924,734)	(22,731,329)	(33,177,229)	(31,743,136)	(20,370,471)
Total other financing sources (uses)	15,856,905	-	3,200,000	4,600,000	-	15,525,342	1,815,096	28,307,695	(38,860)	35,529,147
Net change in fund balances	\$ 17,055,889	\$ (6,990,935)	\$ (2,293,429)	\$ 4,917,430	\$ 6,841,578	\$ 21,519,450	\$ 13,364,463	\$ 38,818,237	\$ (7,170,575)	\$ (32,657,120)
Debt service as a percentage of noncapital expenditures	3.95%	6.13%	5.51%	5.99%	5.18%	4.60%	5.40%	4.75%	3.80%	3.43%

Schedule 5
Worcester County, Maryland
Assessed Value (Full Cash Value) of Taxable Property
Last Ten Fiscal Years

	Real Property	Personal Property Indiv. & Firms	Business, Corporations & Utilities	Total Assessable Base	County Tax Rate	State Tax Rate
2009	\$ 19,919,553,300	\$ 19,948,057	\$ 307,837,176	20,247,338,533	0.700	0.112
2008	17,044,842,573	19,730,065	306,795,892	17,371,368,530	0.700	0.112
2007	14,276,994,202	18,282,490	284,886,128	14,580,162,820	0.700	0.112
2006	11,614,252,807	18,395,283	273,600,043	11,906,248,133	0.730	0.132
2005	9,789,426,649	19,186,630	265,538,081	10,074,151,360	0.730	0.132
2004	8,147,706,928	26,203,381	267,633,693	8,441,544,002	0.730	0.132
2003	6,961,282,759	26,668,720	276,394,198	7,264,345,677	0.730	0.132
2002	6,457,108,591	26,776,758	264,675,868	6,748,561,217	0.730	0.084
2001	6,066,153,693	30,032,690	255,744,440	6,351,930,823	1.740	0.084
2000	5,789,529,848	29,722,910	240,967,910	6,060,220,668	1.740	0.084

Source: State of Maryland, Department of Assessments and Taxation

Notes:

^a For fiscal years ending June 30, 2002 and later, real property is assessed at full cash value; prior to fiscal year 2002, real property was assessed at 40% of cash value.

^b For all years, Public Utility Personal Property is assessed at full cash value.

^c Per \$100 of value.

Schedule 6
Worcester County, Maryland
Direct and Overlapping Property Tax Rates,
Last Ten Years
(rate per \$100 of assessed value)

	Year Taxes Are Payable									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
County Direct Rates										
General	\$ 1.74	\$ 1.74	\$ 0.730	\$ 0.730	\$ 0.730	\$ 0.730	\$ 0.730	\$ 0.700	\$ 0.700	\$ 0.700
Town Rates										
Berlin	1.70	1.70	0.68	0.68	0.68	0.73	0.73	0.73	0.73	0.73
Ocean City	1.25	1.29	0.52	0.52	0.51	0.48	0.47	0.43	0.41	0.38
Pocomoke	0.72	0.72	0.72	0.76	0.76	0.76	0.76	0.76	0.76	0.76
Snow Hill	1.80	1.80	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86

Note: For fiscal years ending June 30, 2002 and later, real property is assessed at full cash value; prior to fiscal year 2002, real property was assessed at 40% of cash value.

Schedule 7
Worcester County, Maryland
Principal Property Tax Payers,
Current Year and Five Years Ago*

<u>Taxpayer</u>	Fiscal Year 2009			Fiscal Year 2004		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Gateway Grand	\$ 162,566,010	1	0.80%	\$ -		
Harrison Inn Stardust	57,450,000	2	0.28%	14,926,966	9	0.18%
Delmarva Power	43,302,430	3	0.21%	39,630,268	2	0.47%
Verizon Maryland	37,685,360	4	0.19%	40,546,020	1	0.48%
American Stowaway Motel Inc.	30,068,700	5	0.15%	23,927,300	4	0.28%
91st Street Joint Venture	29,908,700	6	0.15%	29,705,866	3	0.35%
Harrison Inn Ocean View	29,064,132	7	0.14%	22,468,400	5	0.27%
Harrison Inn 66	20,863,600	8	0.10%			0.00%
Harrison Hi 18 LLC	22,844,166	9	0.11%	16,912,633	6	0.20%
Individual				16,649,400	7	0.20%
L P B O C Hotel				15,473,300	8	0.18%
Choptank Electric Co-op	17,192,170	10	0.08%	13,092,300	10	0.16%
Total	\$ 450,945,268		2.23%	\$ 233,332,453		2.76%

* Oldest available records are from FY 2004.

Schedule 8
Worcester County, Maryland
Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Year	Net Taxes Levied for Fiscal Year*	Collected within the Fiscal Year of the Levy		Delinquent Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 134,758,214	\$ 129,987,549	96.46%	\$ 3,050,100	133,037,649	98.72%
2008	117,235,050	113,909,952	97.16%	2,446,527	116,356,479	99.25%
2007	100,027,236	97,270,141	97.24%	1,631,909	98,902,050	98.88%
2006	86,380,357	83,985,400	97.23%	1,518,649	85,504,049	98.99%
2005	74,554,554	71,917,961	96.46%	2,003,972	73,921,933	99.15%
2004	64,201,999	61,948,791	96.49%	1,366,264	63,315,055	98.62%
2003	56,027,741	53,962,723	96.31%	1,759,561	55,722,284	99.45%
2002	52,043,380	50,096,556	96.26%	1,377,967	51,474,523	98.91%
2001	46,877,815	44,771,158	95.51%	1,513,722	46,284,880	98.74%
2000	44,824,645	42,455,456	94.71%	1,961,170	44,416,626	99.09%

Note: The information in this schedule relates to the County's own property tax levies, and does not include those it collects on behalf of other governments.

* This chart nets the Homestead Credit with the total tax levy for each year.

Schedule 9
Worcester County, Maryland
Income Tax Rates
Last Ten Tax Years

Tax Year	State Income Tax Rate				Worcester County Income Tax Direct Rate
	1st \$1,000 of Net Taxable Income	2nd \$1,000 of Net Taxable Income	3rd \$1,000 of Net Taxable Income	In excess of \$3,000 Net Taxable Income	
2008	2.00%	3.00%	4.00%	4.75%	1.25%
2007	2.00%	3.00%	4.00%	4.75%	1.25%
2006	2.00%	3.00%	4.00%	4.75%	1.25%
2005	2.00%	3.00%	4.00%	4.75%	1.25%
2004	2.00%	3.00%	4.00%	4.75%	1.25%
2003	2.00%	3.00%	4.00%	4.75%	1.25%
2002	2.00%	3.00%	4.00%	4.75%	1.25%
2001	2.00%	3.00%	4.00%	4.80%	1.25%
2000	2.00%	3.00%	4.00%	4.85%	1.25%
1999	2.00%	3.00%	4.00%	4.85%	1.01%

Notes:

For tax year 1999 and later, income tax rates reflect a percentage of Maryland taxable income; prior to tax year 1999, rates reflect a percentage of Maryland income tax.

The current maximum allowed local income tax rate is 3.2%.

Schedule 10
Worcester County, Maryland
Income Tax Filers Summary Information
Last Ten Tax Years

Tax Year	Number of Taxable Returns	Maryland Adjusted Gross Income	Net Taxable Income	Net State Income Tax	Local Income Tax	Total Tax Liability	Worcester County Income Tax Direct Rate
2008	20,223	\$ 1,227,188,627	\$ 910,200,259	\$ 39,699,296	\$ 11,184,183	\$ 50,883,479	1.25%
2007	21,233	1,334,945,488	1,026,855,196	43,562,023	12,604,859	56,166,882	1.25%
2006	21,009	1,295,487,063	1,004,316,908	42,084,216	12,342,088	54,426,304	1.25%
2005	20,627	1,300,452,155	1,028,181,007	43,982,552	12,647,518	56,630,070	1.25%
2004	19,918	1,133,965,472	891,214,100	38,436,429	10,949,175	49,385,604	1.25%
2003	19,692	1,013,120,543	780,216,126	33,150,372	9,561,936	42,712,308	1.25%
2002	19,737	1,032,647,217	718,809,048	30,610,803	8,789,938	39,400,741	1.25%
2001	19,925	935,756,688	719,958,481	30,696,572	8,810,407	39,506,979	1.25%
2000	20,069	926,972,772	726,484,917	31,745,165	8,881,951	40,627,116	1.25%
1999	19,279	841,778,119	656,713,512	28,261,601	6,474,939	34,736,540	1.01%

Source: Revenue Administration Division, State of Maryland Comptroller's Office.

Notes:

See Schedule 11 for detailed breakout of adjusted gross income.

For tax year 1999 income tax rates reflect a percentage of Maryland taxable income; prior to tax year 1999, rates reflect a percentage of Maryland income tax.

Schedule 11

Worcester County, Maryland

Income Tax Filers, Net Taxable Income, and Liability by Adjusted Gross Income Level

Current Year and Ten Years Ago

	Tax Year 2008					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level						
\$200,000 and higher	586	2.2%	\$ 270,759,832	29.7%	\$ 3,384,499	30.3%
\$100,000 - 199,999	1,864	7.0%	192,724,579	21.2%	2,408,232	21.5%
\$50,000 - 99,999	4,963	18.7%	245,315,772	27.0%	3,066,412	27.4%
\$25,000 - 49,999	6,191	23.3%	142,486,843	15.7%	1,707,353	15.3%
\$5,000 - 24,999	6,500	24.5%	58,705,497	6.4%	615,226	5.5%
Under \$5,000	6,447	24.3%	207,736	0.0%	2,461	0.0%
Totals	26,551	100.0%	\$ 910,200,259	100.0%	\$ 11,184,183	100.0%

	Tax Year 1998					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level						
\$200,000 and higher	248	1.3%	\$ 112,288,413	19.2%	\$ 1,123,213	19.9%
\$100,000 - 199,999	675	3.6%	75,607,507	13.0%	757,211	13.4%
\$50,000 - 99,999	3,130	16.6%	165,945,433	28.4%	1,665,049	29.5%
\$25,000 - 49,999	5,531	29.3%	142,818,683	24.5%	1,418,004	25.1%
\$5,000 - 24,999	9,061	48.1%	86,481,912	14.8%	677,934	12.0%
Under \$5,000	209	1.1%	405,723	0.1%	2,318	0.0%
Totals	18,854	100.0%	\$ 583,547,671	100.0%	\$ 5,643,729	100.0%

Source: Revenue Administration Division, State of Maryland Comptroller's Office.

Schedule 12
Worcester County, Maryland
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business Activities		Total Primary Government	Percentage of Personal Income	2009 Debt Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases			
2009	\$ 94,243,511	\$ -	\$ 16,085,465	\$ 2,422,300	112,751,276	6.06%	\$ 2,288.25
2008	63,911,217		17,906,887	2,475,233	84,293,337	4.53%	1,710.85
2007	67,960,514	-	19,274,300	2,453,842	89,688,656	5.16%	1,827.81
2006	44,106,276	617,240	20,153,210	1,384,919	66,261,645	4.01%	1,358.24
2005	47,159,878	1,215,781	19,365,025	1,478,260	69,218,944	4.36%	1,416.45
2004	35,032,941	1,796,190	16,079,658	1,316,123	54,224,912	3.72%	1,113.88
2003	38,647,934	2,079,767	17,164,940	1,175,121	59,067,762	4.18%	1,225.70
2002	40,562,325	3,200,000	15,917,979	681,056	60,361,360	4.42%	1,268.36
2001	40,513,576	-	16,791,335	552,482	57,857,393	4.45%	1,236.90
2000	43,553,931	-	17,639,691	540,874	61,734,496	5.08%	1,350.66

Notes: 2009 percentage of personal income calculated using 2008 personal income data, which is the most recent available.

See Schedule 13 for population and personal income data.

Schedule 13
Worcester County, Maryland
Ratios of General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Total Taxable Assessable Base	Percentage of Total Taxable Assessable Base	Population	Debt Per Capita
2009	\$ 110,328,976	\$ 20,247,338,533	0.54%	49,274	\$ 2,239.09
2008	81,818,104	17,371,368,530	0.47%	49,270	1,660.61
2007	87,234,814	14,580,162,820	0.60%	49,069	1,777.80
2006	64,259,486	11,906,248,133	0.54%	48,785	1,317.20
2005	66,524,903	10,074,151,360	0.66%	48,868	1,361.32
2004	51,112,599	8,441,544,002	0.61%	48,681	1,049.95
2003	55,812,874	7,264,345,677	0.77%	48,191	1,158.16
2002	56,480,304	6,748,561,217	0.84%	47,590	1,186.81
2001	57,304,911	6,351,930,823	0.90%	46,776	1,225.09
2000	61,193,622	6,060,220,668	1.01%	45,707	1,338.82

Source: Worcester County Finance Office

Note: 2009 debt per capita calculated using 2008 population data, the most recent available.

Schedule 14
Worcester County, Maryland
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

Governmental Unit	Total Assessed Valuation of Real Property	% of Assessed Valuation to County Total	Pro Rata Share of County General Obligation Bonded Debt	Municipal Debt Outstanding^a	Estimated Share of Direct and Overlapping Debt
Berlin	\$ 446,441,881	2.24%	\$ 2,472,720	\$ 12,449,409	\$ 14,922,129
Ocean City	12,537,135,662	62.94%	69,439,777	77,918,835	147,358,612
Pocomoke	245,386,552	1.23%	1,359,129	4,688,921	6,048,050
Snow Hill	121,773,230	0.61%	674,469	1,371,000	2,045,469
Unincorporated	6,568,815,975	32.98%	36,382,881	-	36,382,881
Total	\$ 19,919,553,300	100.00%	\$ 110,328,976	\$ 96,428,165	\$ 206,757,141

Source: Worcester County Finance Office

^a Municipal Town Clerks

Schedule 15
Worcester County, Maryland
Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)

Total Debt Outstanding Limit	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Taxable Assessable Base	\$ 6,060,221	\$ 6,351,931	\$ 6,748,561	\$ 7,264,346	\$ 8,441,544	\$ 10,074,151	\$ 11,906,248	\$ 14,580,163	\$ 17,371,369	\$ 20,247,339
Debt Limit, 1% of Assessable Base	60,602	63,519	67,486	72,643	84,415	100,742	119,062	145,802	173,714	202,473
Amount of Debt Applicable to Limit	43,554	40,514	40,562	38,648	35,033	47,160	44,106	67,961	63,911	94,244
Debt Margin	<u>\$ 17,048</u>	<u>\$ 23,006</u>	<u>\$ 26,923</u>	<u>\$ 33,996</u>	<u>\$ 49,382</u>	<u>\$ 53,582</u>	<u>\$ 74,956</u>	<u>\$ 77,841</u>	<u>\$ 109,802</u>	<u>\$ 108,230</u>
Total debt applicable to the limit as a percentage of debt limit	71.87%	63.78%	60.11%	53.20%	41.50%	46.81%	37.04%	46.61%	36.79%	46.55%
Total Debt Service Limit										
Total Governmental Fund Revenue	\$ 83,031	\$ 93,184	\$ 102,743	\$ 111,701	\$ 125,807	\$ 147,668	\$ 158,653	\$ 169,509	\$ 178,915	\$ 196,317
Debt Service Limit 10% of Revenue	8,303	9,318	10,274	11,170	12,581	14,767	15,865	16,951	17,891	19,632
Debt Service Applicable to Limit	3,072	5,327	5,278	6,200	5,813	5,902	7,383	6,919	6,526	8,327
Debt Service Margin	<u>\$ 5,231</u>	<u>\$ 3,992</u>	<u>\$ 4,996</u>	<u>\$ 4,970</u>	<u>\$ 6,768</u>	<u>\$ 8,864</u>	<u>\$ 8,483</u>	<u>\$ 10,032</u>	<u>\$ 11,365</u>	<u>\$ 11,304</u>
Total debt service applicable to the limit as a percentage of debt service limit	36.99%	57.17%	51.37%	55.51%	46.20%	39.97%	46.53%	40.82%	36.48%	42.42%

Note: The County has established a debt capacity policy by adopting Resolution 07-1. The policy limits the County's outstanding general obligation long-term debt to no more than 1 percent of the assessable property tax base of the County and the annual debt service to no more than 10 percent of the annual government revenue.

Schedule 16
Worcester County, Maryland
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population^a	Personal Income^b (thousands of dollars)	Per Capita Personal Income^b	Public School Enrollment^c	Unemployment Rate^d
2009	49,274	*	*	6,673	7.7%
2008	49,270	1,860,874	37,769	6,747	4.6%
2007	49,069	1,737,887	35,417	6,830	3.8%
2006	48,785	1,652,944	33,882	6,727	4.0%
2005	48,868	1,586,005	32,455	6,676	4.4%
2004	48,681	1,456,854	29,927	6,783	4.7%
2003	48,191	1,411,897	29,298	6,871	4.4%
2002	47,590	1,364,886	28,680	6,884	4.0%
2001	46,776	1,299,036	27,771	6,892	3.9%
2000	45,707	1,215,402	26,591	6,983	3.7%

* Information not yet available.

Notes:

^a 2009 - U.S. Census Bureau.

^a 2008-1999 Maryland Department of Planning

^b Maryland Department of Planning

^c Worcester County Board of Education

^d U.S. Dept of Labor, Bureau of Labor Statistics

Schedule 17
Worcester County, Maryland
Principal Employers
Current Year and Ten Years Ago

<u>Employer</u>	<u>CY 2009</u>			<u>CY 1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Worcester Board of Education	1,190	1	5.12%	938	1	5.17%
Harrison Group	1,000	2	4.30%			
Town of Ocean City	600	3	2.58%	525	5	2.89%
Atlantic General Hospital	593	4	2.55%	350	6	1.93%
Worcester County Government	529	5	2.28%	418	7	2.30%
Wal-Mart	370	6	1.59%	608	3	3.35%
Super Fresh	214	7	0.92%			
Candy Kitchen	200	8	0.86%			
Clarion Fountainebleu Hotel	180	9	0.77%			
Phillips Seafood Restaurant	150	10	0.65%			
Tyson Foods Inc.				785	2	4.33%
Perdue Farms				540	4	2.98%
Sheraton Fountainebleau Hotel				262	8	1.44%
Peninsula Bank				240	9	1.32%
Castle in the Sand, Inc.				200	10	1.10%
	<u>5,026</u>		<u>21.62%</u>	<u>4,866</u>		<u>26.83%</u>

Source: Maryland Department of Business and Economic Development
Worcester County Economic Development

Schedule 18
Worcester County, Maryland
Full-time Equivalent County Government Employees by Function,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of June 30</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
General Government	111.1	119.7	128.5	130.4	133.5	141.4	154.8	164.8	172.5	172.5
Public Safety	123.0	126.9	137.8	141.7	154.5	162.1	165.1	174.6	174.3	180.4
Public Works	71.7	71.3	73.1	80.2	86.1	68.1	68.1	68.7	70.1	70.6
Social Services - LMB	1.0	1.0	1.6	2.7	2.0	2.2	2.9	3.7	3.9	3.5
Library & Recreation	33.1	37.9	41.7	41.4	42.1	44.5	53.6	63.2	67.3	70.0
Natural Resources	1.9	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	1.0
Water & Wastewater	50.3	46.3	54.3	62.0	61.6	60.3	64.0	66.6	66.7	67.2
Solid Waste	<u>23.0</u>	<u>31.4</u>	<u>35.2</u>	<u>36.8</u>	<u>38.6</u>	<u>41.5</u>	<u>46.5</u>	<u>47.6</u>	<u>46.6</u>	<u>45.3</u>
Total	<u>415.1</u>	<u>434.8</u>	<u>472.5</u>	<u>495.5</u>	<u>518.7</u>	<u>520.4</u>	<u>555.3</u>	<u>589.4</u>	<u>601.6</u>	<u>610.5</u>

Source: Worcester County Finance Office.

Note: A full-time employee is scheduled to work 260 days per year (52 weeks x 5 days per week). At eight hours per day, 2,080 hours are scheduled per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

Schedule 19
Worcester County, Maryland
Operating Indicators by Function,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government										
Building Permits issued	466	500	583	622	450	454	444	194	98	73
Value of new construction (000's)	64,562	70,077	101,945	109,469	83,283	93,580	112,867	52,891	31,990	17,063
Public Safety										
Detention Center										
Avg. daily population	270	265	279	285	293	297	305	308	274	196
Fire Protection (All Volunteer)										
Fire calls answered	553	703	735	748	679	759	1,695	1,756	1,526	1,425
Emergency Medical Services										
EMS Calls answered	3,825	4,026	4,242	4,320	4,406	4,538	5,535	5,700	5,812	5,621
Education										
Students	6,913	7,025	6,934	6,916	6,869	6,834	6,756	6,727	6,747	6,673
Teachers	472	487	497	510	520	546	559	575	577	579
Public Works										
Centerline miles of road maintained	511	513	517	519	520	519	520	519	524	527
Wastewater treated (mgd)	1.5	1.7	1.7	1.9	2.1	2.2	2.3	2.3	2.3	2.3

* Information not available.

Sources: Worcester County Finance Office and individual County departments.

Schedule 20
Worcester County, Maryland
Capital Asset Statistics by Function,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public Safety										
Detention center capacity	300	300	300	300	300	300	300	300	300	300
Fire Companies	9	9	9	9	9	9	9	9	9	9
Emergency Medical Services Companies	5	5	5	5	5	6	6	6	6	7
Education										
Elementary Schools	5	5	5	5	5	5	5	5	5	5
Intermediate Schools	1	1	1	1	1	1	1	1	1	1
Middle Schools	3	3	3	3	3	3	3	3	3	3
Special School	1	1	1	1	1	1	1	1	1	1
High Schools	3	3	3	3	3	3	3	3	3	3
Technical High School	-	-	-	-	-	-	-	-	1	1
Career & Technology Center	1	1	1	1	1	1	1	1	-	-
Public Libraries	5	5	5	5	5	5	5	5	5	5
Recreation Facilities										
Recreation Center	-	-	-	-	-	1	1	1	1	1
County Parks	9	9	9	11	11	11	12	12	12	13
Park acreage	293	293	293	306	306	306	880	880	880	883
Public Landings & Wharves	9	9	9	9	9	9	9	9	9	9
Boat Slips	8	8	8	8	8	8	18	8	8	8
Public Works										
Centerline miles of county roads	511	513	517	519	520	519	520	519	524	527
Public Easements - Ocean Pines	57.64	58.09	58.09	58.09	58.14	59.24	59.24	62.88	64.16	64.16
Bridges	40	40	40	40	40	40	40	40	40	40
Wastewater Treatment Plants			6	6	7	7	7	8	8	8
Miles of sewer pipeline	160	160	165	168	172	175	185	187	187	187
Water well house facilities	4	4	5	5	5	5	5	5	5	5
Pump stations	45	45	46	46	46	48	51	53	53	53
Water Tanks	3	3	3	3	4	4	5	5	5	6
Waterlines	127	131	131	133	143	144	147	148	148	149
Water Treatment Facilities	8	8	8	8	9	9	10	10	10	10
Recycling Center	-	-	-	-	1	1	1	1	1	1

Sources: Worcester County Finance Office and individual County departments.



Worcester County

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